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• (1535)

[*Translation*]

The Chair (Ben Carr (Winnipeg South Centre, Lib.)): I call this meeting to order.

Welcome to meeting number 35 of the Standing Committee on Industry and Technology.

I hope you had a good weekend at home. We begin today by welcoming the last two panels of witnesses assigned to our study.

[*English*]

We are going to go to the final two hours of panels for the emergency study that we've undertaken in relation to changes to section 232 tariffs.

Colleagues, I've just spoken to the representatives of each party. I'm going to take a couple of minutes to go in camera for committee business at the very end of the meeting to give a bit of an overview about where we're heading in the next couple of weeks. We have this study, our AI study and our EV study all nearing their end and requiring some direction from us to the analysts and to the clerk. That's just a quick note about that.

[*Translation*]

I can confirm that all audio and video have been tested.

[*English*]

We have three witnesses who are here with us today. Two are joining us virtually.

From EMC Canada, we are joined by the manager for southwestern Ontario, Jason Bates. From the Ontario Chamber of Commerce, we are joined by Vincent Caron, vice-president of policy. Here in the room, from Preferred CNC Inc., we have Marc Lecours, who is the president.

Witnesses, you will have up to five minutes for your introductory remarks. Once everyone has completed their remarks, we will begin a question and answer period from colleagues belonging to the recognized political parties.

This is Monday. I took that 6 a.m. flight again with Madam Dancho, so we should both be given a bit of grace this morning, in a non-partisan way.

An hon. member: [*Inaudible—Editor*]

The Chair: I don't want to hear about the red-eye from B.C. That's nothing.

Mr. Bates, I'm going to turn to you and give you the floor for up to five minutes, sir.

Jason Bates (Manufacturing Consortium Manager, Southwestern Ontario, EMC Canada): Thank you, Mr. Chair and the committee, for inviting me to present today

My name is Jason Bates. I am with the Excellence in Manufacturing Consortium. We work with manufacturers right across the country, engaging over 18,000 Canadian manufacturing companies annually, helping them grow and continually improve. I am also the chair of the London Region Manufacturing Council.

This afternoon, I will be detailing the experiences of two manufacturers in southern Ontario, where I'm located. Both companies are great examples of Canadian advanced manufacturing. Both work with steel, metal or copper as major inputs to their finished products, and they have been greatly affected by the tariffs.

The new changes to 232 tariffs present even more of a challenge. These are their words and their experiences, and they offer some suggestions and opinions on what the government will be able to do to assist them.

Example one is Great Lakes Copper in London, Ontario. Great Lakes Copper is the last copper tube mill in Canada. The mill was constructed in the late 1950s, opened in April 1958 and designed to support the Canadian copper tube market. At the high point, there were four mills in Canada. However, the reduction in our market due to the conversion to PEX plumbing pipe has resulted in the closing of all other mills.

Since the early 2000s, we have also seen an influx of cheaply priced copper tube being imported into the Canadian market. This has forced us to expand into the U.S. market. Prior to the implementation of the 232 tariffs on copper, approximately 50% of our shipments went to the U.S.

The original 232 language resulted in a 50% tariff on the copper content of our product. In many cases, the copper content represents over 80% of the selling price of our product. Therefore, we were immediately uncompetitive on this type of product. We lost one channel of our sales immediately, representing approximately 12% of our total sales.

From August through April, we maintained some higher-margin business, although sacrificing profitability. In some cases, we also make products that are difficult for U.S. mills to produce, and these customers have largely stayed with us, despite the tariffs.

The change in the language to the 232 tariffs in April 2026 now results in a 50% tariff on the total invoice price of our product. This change results in our higher-margin business no longer being profitable, and this business will move to the U.S.

Despite these challenging conditions, Great Lakes Copper are committed to manufacturing in London, Ontario, and ready to invest \$65 million in improvements in their facility. These improvements would improve their manufacturing efficiency on existing product and open capability on some additional Canadian product that they are currently unable to produce.

They have met with several officials from both provincial and federal governments and have consistently asked for the following. Utilize section 53 of the Customs Act to impose tariff rates or tariff rate quotas similar to those in place for steel imports. Initiate government procurement preferences for Canadian copper tube. Provide funding to support 15% of their eligible capital expenditure to modernize their production facility and support their global competitiveness for years to come. The total project cost is \$65 million.

The recent expansion of the Ontario-made manufacturing investment tax credit by the Ontario government, to include non-Canadian-controlled private corporations, is appreciated. Additional support from the federal government would also be appreciated.

Example two is Arctic Snowplows in London, Ontario. Here is some brutal reality. Arctic Snowplows sales are down 40% in the U.S. prior to the new 232 change. They will soon be down 90% with the change. The reason they have maintained 10% is parts and a very few highly loyal customers. They pay a \$2,450 duty on a \$10,000 plow. The only way to reduce this to \$1,000 is to use U.S. steel. The problem is that U.S. steel costs more, so perhaps another \$500 in costs to save them \$1,000 on duty.

The big problem is segregating inventory. They buy a sheet of metal and laser cut 30 parts to build plows not only for the U.S. but for Canada. In short, it simply cannot be done economically unless we switch to all U.S. steel, and that would increase our Canadian costs and their costs in Canada.

At the same time, U.S. plow makers can sell against us in Canada with no penalty. It simply is not fair. In this case, Canada can actually do something. We need a countertariff to level the playing field.

Other ideas to help would be to make SR and ED a bit more flexible. Keep the content in Canada. Use the buying clout of the government to support Canadian companies, not at a huge premium but perhaps 3%, or give Canadian companies the last look at quotes.

Municipalities have no money, so having the feds help a bit would really help.

We have to be careful of retaliation by the U.S. If we push the government to buy too much, the U.S. might retaliate. This is why I like adding some to SR and ED, since it would fly below the radar.

I always think of things that are win-win. I do not really like grants to specific businesses and not others. I do not like adding admin burden.

• (1540)

One simple idea that would generate capital for all businesses—banks are clamping down, so businesses need money—would be to allow delayed payment of HST and income tax. The problem with doing only income tax is that companies that are severely hurt will not be profitable, so they have no tax to pay. This is another area that the U.S. would be unlikely to retaliate in.

Thank you, Mr. Chair and committee, for allowing me to present this afternoon.

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

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

Vincent Caron (Vice-President, Policy, Ontario Chamber of Commerce): Thank you very much, Mr. Chair.

Members of the committee, thank you for the invitation to appear today.

[*Translation*]

Thank you for the invitation. I will give my presentation in English, but I can answer questions in both official languages.

[English]

My name is Vincent Caron. I am the vice-president of policy at the Ontario Chamber of Commerce. The OCC represents 60,000 businesses of every size, across every sector and every community in Ontario, from small manufacturers to global firms anchoring Canada's most integrated supply chains.

The issue we are discussing today was raised this weekend at our AGM, where business leaders, chambers of commerce and boards of trade travelled from across Ontario with a shared concern: Tariffs and uncertainty are already reshaping investment decisions. We heard it from Jason just a moment ago. If we are not careful, they will also reshape communities. This is why we issued a statement today that includes quotes from 30 chamber leaders from across Ontario. Our voice matters for this study, because impacts on tariffs on metals are not confined to one region or one sector.

The urgency of the issue intensified following the April 2 proclamation changing how section 232 tariffs apply to steel, aluminum, copper and derivative products. For many goods, tariffs now apply to the full value of the finished product. We have heard, and you have heard, that this is having significant impacts on businesses. For Ontario, Desjardins estimates that the effective U.S. tariff rate on exports was around 4% in March. Early estimates suggest that the April proclamation increased Ontario's effective tariff burden by more than 50%, an immediate material hit for our industry experienced over a single month.

This increase is concentrated in fabricated metal products, machinery and advanced manufacturing, precisely the sectors that underpin our competitive industrial base. This builds on a year of tariff impacts, as documented in our Ontario economic report published in February. As a result, only 26% of firms plan to increase investment in the year, reflecting how uncertainty is already freezing capital decisions.

Earlier this year, Ontario's exporters were already pulling back. Contracts were being paused and order books were thinning before the full effects of the April tariff changes. We're now bracing for much harsher consequences for manufacturers and the communities that depend on them.

So what do we do? Ontario businesses are not asking for preferential treatment. They are asking for urgent, practical measures. First, the federal government should deploy immediate enhanced bridge measures for contracts signed before April 6, through tariff remission, reimbursement or equivalent emergency relief, so that viable firms are not forced into a loss position overnight.

Second, businesses need clear guidance on classification, exemptions and documentation under the revised U.S. rules. Today, uncertainty itself is the barrier, particularly for SMEs without in-house customs expertise. Local chambers can help government deliver that guidance to businesses.

Third, Canada should intensify senior-level engagement with the United States to pursue clarifications or exemptions for moulds, dies, tooling and other manufacturing products that are essential to North American competitiveness.

Now, having heard the comments of the administration over the weekend, I will stress that such exemptions should be a negotiated solution, not a shakedown of small businesses, trading the vague promise of relief against relocating to the U.S. This will not help businesses thrive, as evidenced by the 100,000 U.S. manufacturing jobs lost since President Trump took office. In the immediate term, only tariff relief will help.

Finally, this must be treated as a strategic industrial capacity issue. Tooling, fabricated metal and machinery are central to Canada's ability to deliver infrastructure, energy projects and defence procurement. Allowing that capacity to erode now would impose longer-term costs that far exceed short-term relief measures.

In closing, Chair, what is at stake is not simply a tariff line. It's whether we can retain high-value manufacturing in an era of rising uncertainty. We urge the committee to reflect that urgency in its recommendations.

Thank you.

• (1545)

The Chair: Thank you, Mr. Caron.

[Translation]

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

[English]

Marc Lecours (President, Preferred CNC Inc.): Good afternoon, Chair and honourable members.

Thank you for the opportunity and the invitation to be here. My name is Marc Lecours. I'm the owner of Preferred CNC and Michmar Engineering. I was born and raised in Windsor, Ontario. I've spent 42 years in the mould-making industry. I founded both of my companies, which together employ 20 skilled individuals here in our community.

Preferred CNC is a specialized CNC machining company that supports mould-makers locally in Windsor, as well as customers across the border in Michigan. We focus on precision machining for plastic injection moulds, automation, assemblies, fixtures and dies. Our capabilities include five-axis and three-axis machining, CNC turning and metal additive manufacturing.

Michmar Engineering is now in its 20th year. It specializes in plastic, injection-mould design and continues to support a wide range of customers across North America.

Together, our companies have also driven innovation. We developed patented products called the EZ Slider, which replaces traditional slides within moulds, lifters and hydraulic systems with a more cost-effective, efficient solution for mould-makers. It is patented in the United States with additional filings in Canada and China. We are also developing a plastic, injection-moulded toilet, which is designed to replicate traditional porcelain ones. We aim to bring them to market within the next year. This product was designed by Michmar and was built in Windsor at Preferred CNC.

I share this not to promote my business but to demonstrate the level of innovation, the capabilities and the talent that exist in the Windsor mould-making sector.

However, the entire ecosystem is now under serious threat. The U.S. tariffs, ranging from 10% to as high as 50%, are not just challenging. They are potentially crippling to our industry. Windsor mould-makers operate in a deeply integrated cross-border market. These tariffs disrupt long-standing relationships, increase costs and make it extremely difficult for us to remain competitive.

I am nearing the end of my career, so I'm not here for myself. I'm here for the next generation, for our children and for the future of the skilled trades in Canada. Over the past five years, our industry has endured significant challenges.

First, COVID-19 created unprecedented uncertainties. While we were fortunate enough to be deemed essential, many shops struggled. I'm proud to say that we contributed by producing moulds for PPE in record time, completing in two weeks what would normally take eight weeks. Much of that production supported needs in the United States, demonstrating how interconnected and mutually supportive our industries truly are.

Second, uncertainties around the electric vehicle program have caused projects to stop, start and stall without clear direction, leaving many shops exposed.

Third, early tariffs on steel and aluminum forced us to adapt quickly, often sourcing more expensive materials in order to stay compliant. Now, with additional tariffs reaching up to 50%, we're facing a breaking point. These measures will lead to more shop closures, job losses and the erosion of a highly specialized industry that cannot easily be rebuilt once it's gone. My shop will not survive these tariffs.

Windsor is globally recognized for its mould-making expertise. If we lose that position, we will not get it back.

My message today is simple: We need immediate action. We must engage with the United States now, urgently and decisively, to reach a fair and responsible agreement that supports both countries. Our industries are strong when we work together, not against each other. If we wait, it might be too late.

Thank you for the opportunity to speak today. I'm truly grateful.

• (1550)

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

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

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

Kathy Borrelli (Windsor—Tecumseh—Lakeshore, CPC): Thank you, Chair.

Mr. Lecours, my questions will be for you today.

It's the first time we've met. You have two businesses in my riding of Windsor—Tecumseh—Lakeshore. You've let us know how crucial this problem is. How is it affecting your operations today? How long do you think you can maintain operations under these conditions?

Marc Lecours: Right now it's affecting our operations.

We do direct work with the U.S. and ship across the border. The tariffs are unknown to us right now. I have two staff who are dedicated to keeping in touch and finding out what's happening today, what's happening now. When we call our customs broker, they don't have clear answers. When we ask our lawyers, they don't have clear answers. When we ask our accountants, they don't have clear answers.

It's very difficult to stay on board. If we're playing the game, we need to know the rules. If they're changing the rules as we go, we cannot play the game.

Kathy Borrelli: Has this stopped you from shipping orders that have been completed? Are they sitting on the shelf waiting?

Marc Lecours: No. I don't want to do that to my customers. I know they have deadlines to meet. We have not stopped shipping. I'm waiting to hear back on tariffs that are coming on some recent shipments that went to the United States and how it's going to be handled between me and my customer.

Kathy Borrelli: Wow. I'm sure it's very difficult to do business with that level of uncertainty. You're taking a huge risk by shipping and not knowing what it's going to cost you.

Marc Lecours: That's correct.

Kathy Borrelli: Okay.

If these tariffs persist or worsen, can you see yourselves—your two shops and many area shops—just closing?

Marc Lecours: Yes. We're a service shop, so we support a lot of local mould-makers with a lot of components that they need for other moulds, as I said, between design and manufacturing. If they start moving to the U.S., that's going to be detrimental to my manufacturing sector and it's not going to be healthy for us. They're going to start not sourcing work to Canada anymore, to a service shop like mine, and it will be a slow death.

Kathy Borrelli: With more and more shops either thinking about closing in the future and/or moving their production to the U.S. if these tariffs persist, I'm just wondering.... You're the basis of manufacturing in Canada and also in the United States. How will we build and how will we do big projects without mould-makers, tool and die makers and people who perform your work?

Marc Lecours: It's possible. Once you lose that talent, you're not going to get it back. We've been struggling with trying to get skilled labour within manufacturing as it is right now, and if it's being taken away, we won't get it back.

Kathy Borrelli: Do you see realistic opportunities for companies like yours and other mould-makers in the area to change the kind of work they do, so that they could perhaps provide infrastructure manufacturing or supports for growing our defence or for aerospace? Can you see switching over to provide to Canada, rather than being dependent on shipping to the States?

• (1555)

Marc Lecours: There might be some opportunities there, but the learning curve to go from mould-maker to defence.... It's all manufacturing, and I understand that, but with the skill level that we have in this area, when people and mould-makers work together, they know exactly what to do.

Kathy Borrelli: If companies wanted to switch to get into procurement for defence, is that a difficult thing to do? Is it expensive to do? Would help from the government in that regard be of benefit to some of the shops?

Marc Lecours: Absolutely. There's a lot of preparation they'd have to do to do defence and a lot of rules that have to be abided by. There are certifications that are required. All that takes time. You're probably looking at a two-year window before somebody is going to be efficient in another sector, either defence or aerospace.

Kathy Borrelli: You have a son in your company. You would like to see him take the company forward in the future, so would that be something worthwhile for you, if there was the help needed to get that done?

Marc Lecours: That's correct. Yes, my son is in the industry. He's a very good machinist and, as a father, I'm looking out for him and for the rest of the skilled trades workers as well.

Kathy Borrelli: Thank you, Chair.

The Chair: Thanks very much, Ms. Borrelli.

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

Peter Fragiskatos (London Centre, Lib.): Thank you, Chair.

Thank you to colleagues.

I'm obviously not a full member of this committee, but this subject is of critical importance.

Ms. Borrelli spoke from the vantage point of a Windsor MP. I'm here as a London MP and, with that in mind, obviously I'd like to begin with Mr. Bates.

Mr. Bates, thank you very much for appearing today. This testimony that you're giving is critical. Thank you also for the work that you're doing on behalf of Londoners at this very important time, to say the least.

You mentioned Great Lakes Copper. I was there just recently, in fact, but I can understand, and we all know the devastating impact that the recent changes under 232 have had and will have for businesses like that, along with Arctic as well. It's very well known in London. I think it's been there since the 1960s.

Mr. Bates, my first question for you is this. How many businesses does the council represent that are impacted by this recent change?

Jason Bates: The London Regional Manufacturing Council will encompass every manufacturer in the London region, which can be 600 to 800 companies, small, big and everywhere in between. Through my role at EMC, I work with companies all across Canada, and there are a lot of manufacturers in Canada. Obviously, southern Ontario is the Canadian manufacturing heartland, and there are thousands of companies.

Peter Fragiskatos: Okay. I hate to put you on the spot like this, but I think it's important for the purposes of the committee and frankly for the recommendations that are given to the government.

Is there a particular recommendation that you think will have maximum impact, a recommendation that you could put forward in terms of a policy action from the federal government that will help the most. What would bring the greatest good for the greatest number, so to speak?

Jason Bates: If I knew that, then we'd have—

Peter Fragiskatos: Do you have thoughts on it? Do you have a suggestion?

Jason Bates: I'd say it's renegotiating the USMCA in a mutually beneficial light and some of the things that were brought up by the people whose stories I'm relaying, SR and ED credits and tax breaks. The retaliatory tariffs are—

Peter Fragiskatos: I don't mean to interrupt, sir, but I do have limited time. I should have been more precise. The fault is on my end.

Is there a particular policy action with respect to responding to the recent changes that have been made under the 232 tariffs that you think would have maximum impact?

Jason Bates: That's an incredibly hard question to answer, sir. I cannot give you a definitive answer on that.

Peter Fragiskatos: We'll try Mr. Caron from the Ontario Chamber. Do you have thoughts on that matter, sir?

Vincent Caron: Yes, I do. In terms of the specific change that was just made, emergency payments and relief to the impacted companies are what will keep these companies going through the months ahead.

Now, we want to look at the short term of our manufacturing base, and Mr. Bates said something really important earlier that I will echo, which is that the Ontario tax credit, the Ontario manufacturing investment tax credit, will now provide enhanced support of 15% from the province. For the federal government to match that would provide a much bigger incentive for companies who, through this time, may not be doing a lot of shipping but can do retooling to pivot to new opportunities, so simplicity in accessing this credit and a more generous credit would provide a powerful incentive for companies.

• (1600)

Peter Fragiskatos: I appreciate that.

Mr. Bates, does that sound like something that the council could get behind, could put forward as a key policy option that would help?

Jason Bates: Yes, 100%. Thank you for that, Mr. Caron. That was well said. Yes, I agree.

Peter Fragiskatos: Mr. Caron, I know you shared this during testimony, but it's another opportunity for you to put it on the record. What is another policy option that would have maximum impact?

Vincent Caron: I think we heard from Mr. Lecours earlier that companies are lost often in the maze of the complexity of the changes and, while the Canadian government cannot overnight turn itself into an e-customs broker, help to access services like that or guidance from trade commissioners or other qualified government officials would go a long way towards helping companies sometimes understand the basics of which tariffs now apply to their businesses. I flag the Chamber network, which is representing, again, 60,000 businesses across Ontario.

You have local networks in organizations, volunteers and paid staff who can echo and augment the message that the government is bringing. There's a bit of a public awareness component to this that we certainly need to put in play.

Peter Fragiskatos: Thank you very much.

I think I'll end it there, Chair. I have about 30 seconds left.

To the council in London, thank you, and to Mr. Caron as well.

Mr. Lecours, really, you put it very well. You have family who are impacted. All of you do, in some way, shape or form, I'm sure.

This issue is impacting every part of the country, particularly southwestern Ontario, which is so dependent on trade. We have to find ways to diversify our economy, but that is a medium- and long-term objective. The aim needs to be to assist in the short term. Your ideas and presence here are critical to that end, so it's much appreciated, sir.

Thank you.

The Chair: Thank you, Mr. Fragiskatos.

[*Translation*]

Mr. Ste-Marie, go ahead for six minutes, please.

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

Good afternoon to my colleagues.

Witnesses, thank you for being here. All the information you gave us and all the human stories you shared are very touching and heartbreaking. I echo the words of my colleague Mr. Fragiskatos just now. We stand with you, of course.

Mr. Caron, my fear is that the United States will not have negotiated a fair trade agreement by July 1, because we see that the U.S. president isn't trying to do that. He is just looking for new ways to impose new tariffs and not implement what is already signed.

He is the one who negotiated CUSMA, which seems to be in direct contravention with the executive order from early April. This is the first time that the total value of a manufactured product is subject to a tariff, which completely undermines the trade agreement he himself signed.

If it takes time before a suitable agreement with the United States can be reached, if, for example, it drags on until the mid-term elections or even after that, and if nothing is done, could your members survive the current crisis with the additional 25% tariffs?

Vincent Caron: That's a big question. This is a question that will vary from business to business. For example, large auto parts producers are a bit more resilient and have a few more options to get through the crisis. However, it's more difficult for small businesses.

At the beginning of the year, there was already a significant impact. The Ontario economic report that we published, which can be found online, gives some detail about the main impacts, such as order deferrals and corporate debt. This is happening in a context where many businesses are going through succession planning, where businesses are transitioning to the next generation. There is a weakness here: an early withdrawal from the market can kill a business. It's a challenge. We have a number of manufacturers in Ontario that are asking themselves this question right now.

It's really an individual issue, and that's why it's important to have a range of support measures. A single measure won't resolve everything and get us through the crisis. Businesses have different needs. They are in different industries and have varying degrees of sophistication.

• (1605)

Gabriel Ste-Marie: Thank you.

Do you talk to the chambers of commerce south of the border, your counterparts, so that they can put pressure on their government?

Vincent Caron: Absolutely.

In fact, last month I was in Washington with Jean-Pierre Giroux, president of the Excellence in Manufacturing Consortium. We were at the U.S. Chamber of Commerce. Last year, we made a number of statements before the Michigan Chamber of Commerce and the New York Chamber of Commerce.

Indeed, we continue to engage our counterparts in the United States. In fact, their voices are the loudest with their government. Among those from the business community that we met, nobody told us they loved the tariffs or that they wanted them to continue. I think there's a lot of consensus in the business community, among small and large businesses in the United States, that this has to stop.

Gabriel Ste-Marie: Thank you.

I want to add that the most recent executive order on steel and aluminum tariffs seems illegal under CUSMA and could lead to lawsuits from the Americans.

In terms of the range of measures that can be put in place to help businesses get through the crisis, some SMEs told the committee that a one-time targeted temporary wage subsidy could be considered to ensure that they can keep their skilled workers, the welders and machinists, and the expertise they have developed. Are your members talking about that too?

Vincent Caron: Employment insurance already has a similar option in work-sharing, which is being done. That's available. However, the problem that businesses have is that often employees don't want to sit around doing nothing. That's why I think that an interesting solution is a federal and provincial tax credit, which becomes an even larger tax credit when combined, that gives money to businesses so they can invest in machinery.

Canada is seriously lagging in productivity because we have a shortage of robotics. We don't have enough AI. We don't have enough cutting-edge technology. It is imperative that we invest in that, since we have capacity that is available. We could use that to set up new technologies in the factory.

That's in a context where businesses are under pressure. We can't just give them 10%. We have to make it a little more generous to make it worthwhile.

Gabriel Ste-Marie: Thank you. I'm out of time.

Thank you, Mr. Chair.

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

[*English*]

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

Raquel Dancho (Kildonan—St. Paul, CPC): Thank you, Mr. Chair.

It's an honour to be at this committee today, talking about this very critical issue that I know is impacting tens of thousands of jobs and billions of dollars of GDP. I want to applaud the Conservative members of this committee for championing this and bringing it forward to ensure that the country is hearing about these recent tariff changes and how dire the situation is.

Thank you to the witnesses today for their expert testimonies.

Mr. Lecours, I want to make sure people really understand what we're talking about when we talk about the changes. I want to start with a really basic question. Could you describe, in very simple terms, what a mould is? To my understanding, it's something that has metal parts. You would pour polymer, plastic or metal into it to make a part. It's a critical piece of manufacturing.

Can you correct me on that or just provide a simple explanation to someone who may not know what a mould is and why it's so important to our industrial capacity?

• (1610)

Marc Lecours: A mould is very simple. Any plastic part that you see, such as a phone or a pair of glasses, requires a mould to be made for that component.

Raquel Dancho: Right, so we wouldn't have cars or machinery or anything that you see, really, without moulds. Canada makes billions of dollars exporting these, mostly to the U.S. Is that correct?

Marc Lecours: Exactly.

Raquel Dancho: Okay.

Just so I'm clear on the tariff change, there was a tariff put on metal parts of these moulds and tools and dies and the like. It was a couple of thousand dollars, which was biting to the industry but survivable. Then, and correct me if I'm wrong, the recent tariff change put the tariff on the entire mould, which increased the tariff to tens of thousands of dollars per mould. Is that correct?

Marc Lecours: That's correct. There were 10% to 15% tariffs on the material. As of April 2, I think, they increased it to the full invoice. That is catastrophic for our industry.

Raquel Dancho: If these tariffs are not removed and this issue isn't solved, this is catastrophic for the industry. Is that correct?

Marc Lecours: Yes.

Raquel Dancho: From what we've understood in testimony, in Canada that's about 58,000 high-paying, high-value direct manufacturing jobs, up to 200,000 indirect jobs and up to \$3 billion of economic activity in Windsor alone. We know that Quebec has a large sector of this as well.

This is really devastating. We're staring down the barrel of a gun, really, with this tariff change. Is that a correct assessment?

Marc Lecours: That's correct. I think we need to act quickly on it to try to intercept this problem.

Raquel Dancho: Okay. Thank you.

Mr. Caron, you made some excellent comments about some possible solutions. Just so I'm clear on your position, you're saying that while government subsidies may help temporarily, the only real, long-term solution to ensuring that this industry has viability in Canada is if the tariffs are removed completely. Is that correct?

Vincent Caron: Yes, under the current circumstances, but I guess there's another answer: What if these companies had other sources of demand for what they do? It's not always straightforward. If you're in a supply chain where you service an OEM that is really on the other side of the border, obviously this isn't available to you. In some cases, retooling for procurement for other sources can be a significant undertaking that companies might not have the expertise or wherewithal to go through, but I guess there's always that.

Raquel Dancho: Right. I would imagine that would be quite capital-intensive. Some companies may survive. They may have the capital to quickly pivot their machinery to manufacture a different mould and find a new buyer in a different industry or perhaps a different country. That might be another way some of these companies may survive this. Is that correct?

Vincent Caron: That's right.

Raquel Dancho: It is correct, but the best option would be to remove the tariffs, I would imagine.

Vincent Caron: Obviously, and again, that's for the U.S. businesses that we met in the U.S. as well.

Raquel Dancho: Thank you for that. That's an excellent point.

We heard in other testimony about this idea of why our mould-makers just don't start selling to China or to Europe, and we heard responses that the idea is really ridiculous. There's just no way that we'll be able to sell to China. We're not competitively priced, and Europe uses different types of moulds for different types of cars, and it's not like we can snap our fingers and quickly pivot to different markets. Is that an accurate assessment?

Vincent Caron: I would say that's correct. If you have equipment that's geared to certain products, you can't just go and get a different part at Walmart, or get a different supplier. Again, it's a very involved thing.

No. The ability to pivot, especially for smaller firms, is limited.

Raquel Dancho: Thanks to both of you for your testimony.

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

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

John-Paul Danko (Hamilton West—Ancaster—Dundas, Lib.): Thank you, Chair.

As a representative from Hamilton, I represent Hamilton West, Ancaster and Dundas. Hamilton has been the industrial centre of Canada for the past century. I have family members who have worked at Dofasco, Westinghouse and Stelco. I'm very familiar with that industrial manufacturing component and how important it is to a municipality.

In particular, Hamilton is one of the most tariff-impacted municipalities in all of Canada. There's no question that there is a direct impact on the businesses, but it's also on the families and workers, because of the amount of uncertainty there is. It's impacting their daily lives on a regular basis.

Going back to the start of this conversation, the United States government unilaterally initiated a trade war against Canada, and its goal is to destroy the Canadian economy and take businesses back to the United States. When I'm talking to business leaders in Hamilton, industry executives or union representatives, families, our local chambers of commerce, and manufacturing and industry organizations, obviously we all want a resolution to this, but we recognize that we are only one side in this conflict, and what I've heard very consistently is that Canada cannot accept a bad deal.

Mr. Caron, I think you stated it really clearly. We cannot accept a shakedown of small businesses. Again, what I've heard is that capitulation to or acceptance of bad terms for Canada is actually worse than continuing to fight and continuing to negotiate, even with a hostile U.S. administration.

Mr. Caron, I'll give you the opportunity to expand on that and on what you're hearing from your members as well.

• (1615)

Vincent Caron: Thank you.

I just want to say that obviously we see big concerns in fabricated metal. That's the focus of today, but we also, in your community, see a significant impact for the primary metal industry. Actually, they are connected, because these small companies want to buy Canadian steel. When their capacity is depressed, it's the customer base of Dofasco or Algoma that is impacted.

That's also why Greg Dunnett, the president and CEO of the Hamilton Chamber of Commerce, provided a quote in support of the statement we made today. I'll just reiterate that we obviously cannot accept a situation where concessions are being asked of us for us to keep our businesses, basically, to keep our economic prosperity and to keep the jobs of the people who build this country. The terms of a trade agreement are usually negotiated on a win-win basis, and there are also interrelations in the supply chain. That sort of logic—you win, you lose or vice versa—honestly doesn't apply to the way our economy is built.

This is why, when we went to Washington, every business, actually without exception, told us that they did not support tariffs and wanted a resolution. You could think of steel, you could think of autos and you could even think of aluminum. You have communities in Kingston that are really dependent on aluminum that crosses the border three or four times. Again, everything is interrelated.

That's not a logic that we support: We think negotiation has to happen on a win-win basis between the Government of Canada and the Government of the United States, and U.S. businesses support that.

John-Paul Danko: I'm sorry. I don't want to cut you off, but I want to have enough time to ask you a follow-up question on that.

In your response to Monsieur Ste-Marie, some of your statements spoke about how the U.S. tariffs are actually extremely damaging to U.S. businesses. They're driving up American inflation. They're causing U.S. job losses.

As the last portion of this question, could you comment on the chambers of commerce, what you're hearing from business leaders in the U.S. and what pressure they're putting on Washington to have a resolution?

Vincent Caron: Those are two separate questions, but I will say that the impact on the U.S. is very clear. You just have to look at the U.S. Bureau of Labor Statistics. There have been 100,000 manufacturing jobs lost in the U.S. since Donald Trump took office, give or take. Okay, that's 100,000 jobs. That's from a government that said, "We are introducing tariffs to bring back manufacturing." Something is wrong here.

Clearly, what's happening is that the input costs of manufacturers are going through the roof. There's also no certainty on sourcing anything other than something that's made in the United States. Given the whole range of the American economy, it is absolutely impossible for the U.S. to develop that kind of industrial capacity overnight, especially in an environment where there's no certainty whatsoever, from week to week, from month to month, about what the trade arrangements are going to look like.

No nation on earth can be an island, and that is why this economic experiment that we're seeing is clearly a failed experiment that will create a reaction from U.S. voters. That's what we think, but the problem we have is that our companies cannot wait that long, so we need to support them in the meantime to help them get through this.

• (1620)

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

[*Translation*]

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

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

Mr. Lecours, in everything you've told us so far, you raised the issue of access to fair and credible information. You said that you have approached tariff experts, accountants and lawyers with questions but even they aren't sure how the executive orders will impact your production. Other witnesses have told us the same thing. It often costs hundreds of dollars an hour to talk to experts, and still there is no certainty of receiving clear information.

Do you think it would be useful to have a dedicated line or a point of contact to get answers to your questions? That could be people from a department, an agency like Export Development Canada or the chambers of commerce network, as Mr. Caron suggested. Is that a service that could help you and companies like yours?

[*English*]

Marc Lecours: Yes, it's a great idea. We do spend thousands and thousands of dollars through wages in looking for good response times through our customs brokers. As you said, there aren't definitive answers right away.

Things are changing so quickly, and we need to stay on top of them, so it would be a great idea to have more exposure to knowing where the tariffs are going and how to play the game, basically.

[*Translation*]

Gabriel Ste-Marie: Okay. Thank you.

Since I don't have much time left, and since it took some time to set up the interpretation system, I'll stop there, Mr. Chair. Thank you.

The Chair: That's very kind, Mr. Ste-Marie, but honestly, it wasn't your fault. Do you want an additional 30 seconds?

Gabriel Ste-Marie: No, that's fine.

The Chair: Okay. Thank you.

[*English*]

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

Kathy Borrelli: Mr. Bates, thanks for being here today.

Many of the owners and managers of the mould, tool and die shops in the Windsor area are not necessarily asking for financial relief at this point. They really want to have a plan. They think they can handle this crisis for one or two more months, but going forward, they need a plan, and they would like that plan to be zero tariffs. They want relief. They want those section 232 tariffs to go away. They want to trade with the United States without tariffs.

I really hope that can be the outcome here. However, if that doesn't happen, we're going to see companies moving to the U.S., closing down or pivoting to other types of business.

One of those changes could be getting into the procurement line for our defence industry.

What changes to procurement processes would be needed to ensure that SMEs can realistically compete for those contracts?

● (1625)

Jason Bates: One of the other two panellists touched on that. Regarding the defence sector, there are some barriers to getting into that. It is hard to get the approvals. The cybersecurity levels they need are very prohibitive. It's a lot of work, and it's expensive. The volumes in defence are not the same as in automotive or those industries where there's a lot of product being pumped out, so they would have to adjust to that.

It's an avenue, but there are definitely barriers to getting into defence specifically. Easing some of those barriers and giving them the resources to overcome some of them would be positive things. There's a huge interest in defence right now, and EMC is doing defence sector sessions across the country. We've put about 500 manufacturers through them in the past two weeks. There's great interest to learn and to explore it for sure, but there are barriers to getting into it that need to be eased.

Kathy Borrelli: Thank you.

Chair, I'm going to give the rest of my time to MP Dancho.

Raquel Dancho: Thank you, Mr. Chair.

I want to thank the witnesses, the Conservative members and others who have put a lot of effort into drawing attention to this matter.

Mr. Chair, I am concerned that we haven't heard a robust response from the Liberal government on what it plans to do about this. I think this is quite significant. These aren't the early tariffs that were uncomfortable and bit but weren't existential. Now we are hearing from witness after witness that if this does not change, this area of our economy is going to be completely wiped out, along with over 58,000 jobs, potentially impacting up to 200,000 indirect jobs and multiple billions of our economy's GDP.

I am concerned, Mr. Chair, that we haven't heard what the Prime Minister is planning to do about this. In fact, all we've really heard is our American counterparts saying that the Canadian government isn't at the negotiating table. It's been over a year. Many promises have been made that deals were going to be delivered. However, not only has there been no tariff relief deal, but the situation is getting worse. In recent weeks, we've been hearing that it is far worse, in fact, than it has been in the past, and it was already dire for many industries.

Mr. Chair, I do feel strongly, since this is the last meeting, that we're going to hold the government to account, so I'm going to move the following motion:

That, given:

The Liberal government has failed to secure a deal with the United States, resulting in thousands of Canadian jobs lost across key industrial sectors, with thousands more at risk;

Recent U.S. tariff changes under section 232 of the Trade Expansion Act of 1962 have significantly increased costs for Canadian exporters, turning an already serious situation into an existential threat for industries such as moldmaking, steel and aluminum, and the auto sector;

Moldmaking and related upstream industries are foundational to Canada's broader manufacturing base and are essential to Canada's economic sovereignty and industrial self-reliance; and

Despite repeated promises, the Prime Minister has failed to deliver meaningful relief or improve trade conditions, as disputes with the United States continue to escalate;

The committee call on the Prime Minister to finally deliver an agreement with the United States that ends these tariffs, restores stability, and protects Canadian jobs and the long-term competitiveness of Canada's industrial base; and that the committee report this recommendation to the House.

Mr. Chair, we'll be circulating the fully bilingual version of this momentarily.

Thank you.

[*Translation*]

Gabriel Ste-Marie: I am rising on a point of order, Mr. Chair. The interpreters do great work, but normally they should be given a bilingual version of the text before a motion is moved.

The Chair: Absolutely.

We will suspend for a few minutes.

[*English*]

We need the language of the motion to be provided to members in both official languages, which I don't believe has been done just yet.

Witnesses, I am going to offer you an early dismissal for today, because this is going to take us a few moments, and we were right at the end of our questioning. I very much want to thank you for making yourselves available to us, particularly on short notice.

As has been discussed throughout the last few meetings and repeated by the three of you here today, we appreciate very much the difficult nature of the impacts this is having on you personally and professionally and on members of your community. You are all here advocating as best you can for improvements to those conditions on the ground, and we're very grateful for that and for the guidance and advice you've provided us today as we consider how to report some recommendations to the government.

Thank you, witnesses, again, for making yourselves available.

Colleagues, I'm going to suspend momentarily. I might suggest that the parties take a few moments to talk this over with one another. We do have witnesses waiting to speak to us for another hour of this discussion, which I will remind the committee we all agreed to conduct on an emergency basis. I would hate for the final hour of that testimony to be interrupted, so I hope we can come to some type of a negotiated compromise here.

Meeting suspended.

• (1630) _____ (Pause) _____

• (1640)

The Chair: Colleagues, bear with me for a moment here as I explain the current state of affairs, and then we'll get going.

Madam Dancho, as you heard a few moments ago, put forward a motion. What we have done in the past when a motion has been presented by a member while there are still witnesses left to be heard from in our regularly scheduled meeting is that we have agreed, on camera, to press pause on dealing with the substance of that motion in order to allow the witnesses to be heard.

We have called a set of emergency meetings, and this is the third of three, with 60 minutes remaining and four witnesses with us to provide testimony.

The agreement that has been reached is that we are going to proceed as normal for the next roughly 45 minutes; that's five minutes for our witnesses' introductory remarks followed by the line of questioning, which will consist of six minutes for each party in the first round and then five minutes to the Conservatives, five to the Liberals and two and a half to the Bloc in the second round. We're going to cut off the final ten minutes.

As soon as that is done, to honour the spirit of what we have agreed to do to allow us to hear from our witnesses, we will go to the motion.

Does everybody understand?

Some hon. members: Yes.

The Chair: In summary, we're pressing pause so that we can hear from our witnesses, and then we'll resume.

From Aalbers Tool and Mold Inc., we have the president of the company, Aaron Aalbers, joining us virtually.

Thanks very much for making yourself available, sir.

From the Automotive Parts Manufacturers' Association, we're joined by Flavio Volpe, president.

[Translation]

We welcome Mathieu Lavigne, vice-president of the Fédération des chambres de commerce du Québec.

[English]

We also have Hubert Rioux, who is the economic director.

We will hear introductory remarks. I can confirm that tests have been done for everyone who's joining us.

• (1645)

[Translation]

Mr. Lavigne, you have five minutes.

Mathieu Lavigne (Vice-President, Public and Economic Affairs, Fédération des chambres de commerce du Québec): Good afternoon, Mr. Chair and hon. members.

My name is Mathieu Lavigne, and I am the vice-president of public and economic affairs at the Fédération des chambres de commerce du Québec. With me today is my colleague, Hubert Rioux. I will give a brief introduction and then I will give the floor to Mr. Rioux, who will get into the substance of our presentation.

To summarize, the Fédération des chambres de commerce du Québec brings together Quebec's 120 local chambers of commerce and acts as Quebec's national or provincial chamber. It has 1,000 members companies and represents a total of 40,000 businesses of all sizes and from across all sectors and regions of Quebec. Many businesses are directly affected by the subject of today's consultation.

Now that I have explained who we are, I will let my colleague present our arguments on the issue.

Hubert Rioux (Economic Director, Fédération des chambres de commerce du Québec): Thank you, Mr. Lavigne.

Thank you everyone for having us.

There are indeed many businesses in Quebec and elsewhere in Canada that are dealing with major commercial upheaval as a result of both the U.S. tariffs imposed under section 232 and the fundamental change in the way those tariffs are applied.

The decision to now apply *ad valorem* tariffs, or tariffs on the total value of the products rather than on the relative value of the steel, aluminum or copper content, is having extremely serious consequences. This is a technical change with a disproportionate economic impact. In practical terms, the more a product is processed and the higher its added value, the more it is penalized. The result is that secondary or tertiary processing companies, which are the heart of Quebec's manufacturing sector, are over-penalized. Their gross margins, which are already slim in many cases, are being almost entirely or entirely wiped out by the tariffs. In many cases, the U.S. market has become economically inaccessible because our products cannot compete as a result of these tariffs. Businesses whose products were and still are compliant with the Canada-United States-Mexico Agreement, or CUSMA, are now subject to applied tariffs of 25% on the total value of their products, which is simply unsustainable.

It is important to make that clear to the committee today. What is happening is that the application of *ad valorem* tariffs under section 232 has now rendered CUSMA inoperative. Businesses that comply with the rules of origin under CUSMA and that structured their supply chain based on the agreement are still subject to unpredictable, punitive tariffs with no effective short-term recourse.

All of this undermines the very credibility of the North American trade framework, discourages investment in Canada and Quebec and accelerates decisions to relocate to the United States. In most cases, this is not a strategic choice, but one that is simply necessary to ensure the company's survival.

For us, the most critical short-term challenge is liquidity. What is more, Canada's retaliatory tariffs, combined with the administrative burden and long delays associated with the remission process, are forcing companies to front the cost of the tariffs to the detriment of their operations, investment projects and, ultimately, jobs, of course.

We have had many clear reports from our members. Acquisition and expansion projects have been put on hold, contracts have been or will be lost once they are renegotiated, particularly with American clients. As a result, some companies will be choosing to relocate their operations to the United States. In fact, some are already in the process of doing so.

The Fédération des chambres de commerce du Québec is calling for swift, targeted and structural measures to address this situation.

We have several short-term recommendations.

First, as far as possible, the government must avoid imposing new countertariffs on imports of intermediate inputs and semi-finished materials from the United States. If necessary, countertariffs should be limited to finished products that compete with equivalent products already manufactured in Canada.

Second, the government must immediately reinstate and extend horizontal remissions on the countertariffs applicable to steel and aluminum imports from the United States for all manufacturing sectors until the tariffs have been completely lifted.

Third, the government must reverse the burden of proof for the remission process for companies. In our opinion, remissions should be granted up front, and it should then be up to the Canada Border Services Agency to show, through investigations, that an equivalent Canadian capacity exists.

Fourth, the government must better promote the drawback program to manufacturers who export, with an expedited pathway for steel, aluminum and copper processors.

Fifth, the government must immediately relaunch the regional tariff response initiative, which is vital to SMEs in the current context, and it must keep that initiative in place until the current tariffs are lifted.

Finally, we believe it is essential that all revenue generated from Canadian tariffs on American or foreign goods, particularly those from China, be fully reallocated and used to support affected businesses and sectors, rather than being put into the consolidated revenue fund.

These measures are essential in the short term, but they are no substitute for what really matters, and that is quick, tangible progress in the discussions with Washington on the section 232 tariffs. Without that, CUSMA will continue to exist on paper but be violated in spirit and letter, as is currently the case.

We will be happy to answer any questions you may have.

● (1650)

The Chair: Thank you both.

[English]

Mr. Aalbers, we're now going to turn to you for up to five minutes. The floor is yours.

Aaron Aalbers (President, Aalbers Tool and Mold Inc.): Thank you very much, Mr. Chair and members of this committee. I appreciate the invitation to appear before you today as part of this study.

My name is Aaron Aalbers. I am president of Aalbers Tool and Mold, a tool shop based in Windsor, Ontario. The recommendations I have largely line up with the previous speaker's, so I will instead focus on the more personal story of our struggles and difficulties.

What we do is design and manufacture precision plastic injection moulds that support Canada's advanced manufacturing industries, particularly the automotive sector in the Windsor-Essex region. Our company was originally founded in 1982 and grew from a single employee to our current size of over 135 employees, managing an average of \$24 million in sales within a highly competitive market.

In this industry, due to the length of planning done by our customers to arrange for full automotive parts production, as well as our coding and contract negotiations.... Many of these take place over several months to a year or more before we get approval to begin the work. Since our founding, we have never faced the types of challenges these 232 tariffs supply. The suddenly changing values, the lack of clarity on what is impacted versus what is not impacted, and the ambiguity on how to even calculate the duty costs have greatly hindered our ability to accurately quote and compete for work.

After delaying multiple projects last year, we worked closely with our U.S.-based customers to determine the nature and application of the 232 tariffs as they impact their production plans. It was understood that if moulds used U.S.-poured steel, they would be exempt from the duty imposed, and our customers would be able to get high-quality, Canadian-made moulds at an appropriate cost to begin production.

Since the start of this year, many projects have been taken off hold due to this understanding, creating a massive boom in the automotive market after a slow period last year. We invested in expanding and growing the company during this period in order to process these added workloads. Unfortunately, again, we are left having to rework the plans and commitments of multi-million-dollar projects with our customers after the latest changes to the way these tariffs are applied.

As per the April 2 proclamation by the President of the United States, every single contract we have with our U.S.-based customers is now impacted with a 10% duty, regardless of the fact that most of these projects specifically sourced U.S. steel at a higher cost to us. Our current portion of work is impacted. We already received a PO and agreed to pricing. It is over \$15 million Canadian, a significant portion of our annual sales.

Our industry was protected and covered under CUSMA, with labour and products being duty-exempt. Now we must work with our customers, who are suddenly made to pay duty on the overall sale value of an item protected by CUSMA. These challenges make long-term planning and cost accounting impossible in a production environment that requires them. If we do not alter or correct these issues, I fear many of these projects will be placed on hold and freeze the growth we have already invested in. Long term, I fear many production facilities will struggle to even operate due to an inability to accurately account for costs in such a tight-margin-driven industry.

Thank you, Mr. Chair. I look forward to sharing our experience with the committee and answering any questions you may have.

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

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

Flavio Volpe (President, Automotive Parts Manufacturers' Association): Thanks. You don't know me very well, but I'm going to try to stick to that five-minute limit.

I'm going to be candid, because I think the two presenters got very specific about the business they're in.

Let me break the North American auto sector into four buckets.

In the first bucket, there are the materials that go into vehicles and the materials that also go into the tools that make the parts that go into the vehicles. That's one issue, and it's one set of issues that we have to deal with.

In the second bucket, there's tooling. This includes, specifically, moulds and auto-specific tools. The main competition has been China. It has been for the last 15 years, for lots of reasons. That's the real competition. It has been the canary in the mine for the automotive sector in North America. What the Chinese have been able to do in terms of winning the market share and hollowing out the base in North America is something for the rest of us.

In the third bucket, there are the parts. We use the tools to make the parts, and 75% of a vehicle is made by the parts suppliers.

Finally, you have the final bucket, which is the automotive bucket. This is the only one facing the regular consumer.

The gentlemen on here, and other witnesses you had here before, talked about how the time between quoting a job and delivering a tool has put them on either side of new tariff updates. Tariffs hit after the job is priced, and customers, whether they're parts suppliers or automotive assembly plants, are expecting the mould-makers and toolmakers to absorb that cost. If we lose that capacity, that's the first domino to fall.

In the industry, we had a crisis in 2021 and 2022, when the auto sector let go of the supply of chips that it needed for complex systems. When the industry tried to get those chips back, it figured out that the rest of the world wanted them for all the new electronic consumer goods everybody was buying because they were stuck at home. That affected volumes, the cost of vehicles and the cost of parts, but it also affected leverage for Canadian entities and those centred around Detroit, of which the Canadian auto sector is a part.

The American mould sector is benefiting from this in the short term. In the long term, as this cluster reduces.... The cluster that Aalbers Tool and Mold is part of is one of the world's top five clusters of mould-making expertise and capacity. As that erodes and as customers in the Detroit cluster—of which Ontario and Quebec are a part—lose Canadian options, the Chinese option looks more and more real.

What do we need to do? We don't have the defence opportunities and aerospace opportunities that the Americans have, nor do we have the volume of automotive opportunities that the Americans have. One thing we've been doing with the CTMA, which is the tool and machine makers association in this country, and the mould-makers association is finding a way with new defence spending and new programs to support the automotive and parts sector to require those companies to buy tools locally or reward them for doing so.

If I worked at a tool shop in Windsor, I'd probably be the youngest guy there. These are usually independent businesses that are looking for a succession plan. They usually want to say "the next generation". All of this makes the valuation of that business lower, or maybe it's unsellable, so they have to stay in longer as they fight forces they have no control over. They're the canary in the coal mine, and I'm very happy to represent, even just in this moment, some of their interests. If they go, it erodes part of the shaky pillars we have under the automotive parts sector in Canada as well.

Thank you.

• (1655)

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

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

• (1700)

Chris Lewis (Essex, CPC): Thank you very much, Mr. Chair. I appreciate it.

Thank you so much to all the witnesses for being here today.

My first line of questioning is for Mr. Volpe.

Thanks so much for coming all the way up to Ottawa to be part of this very important study. We certainly appreciate it.

Recently, you were appointed to the advisory committee on Canada-U.S. economic relations. I give you my congratulations on that, for sure.

What is the mandate of that committee?

Flavio Volpe: It's to give honest advice, insight and data points to the Canadian negotiating team as it prepares for a CUSMA review and any ancillary negotiations, perhaps, on layered tariffs that have come in from the U.S.

Chris Lewis: Thank you, Mr. Volpe.

When was the last time you or the committee gave an update to the Prime Minister, Minister Leblanc, Minister Joly and, perhaps, Premier Ford on the dire situation happening in Essex-Windsor?

Flavio Volpe: It was about four and a half hours ago.

Chris Lewis: That's excellent.

I know you can't disclose a lot, but what did they say? Do they understand the urgency of what's happening?

Flavio Volpe: I think there's an acute understanding that industrial Canada, especially in southwestern Ontario and all spots between London and Windsor—with apologies to Hamilton, Burlington and Guelph—are carrying the brunt of this. They should be the focus. Any relief we're seeking should put those at the forefront.

Chris Lewis: Thank you.

How often do you meet, and when is the next committee meeting?

Flavio Volpe: The first one was four and a half hours ago.

Chris Lewis: How often do you meet, and when is the next one?

Flavio Volpe: I don't know the cadence of it. Part of the update there was that we're going to hear about it. Some of it will be regular cadence. Another will be on the toing and froing of the discussions with the Americans.

Chris Lewis: Thank you.

Towards the end of your testimony, sir, you mentioned that Michigan mould-makers are faring a bit better than Ontario mould-makers right now, but that's not the testimony we've heard from the people who own the shops. They told us last week that Michigan mould-makers are actually closing at a faster rate than Ontario mould-makers. I'm not sure whether somebody's crossed a line there, but that's fine.

Last Thursday, we had a witness from Windsor. He opened up a personal invitation to the Prime Minister to go down to his shop floor in Windsor so he can really, truly understand the dynamic and urgency of this problem. I don't have the Prime Minister's phone number, but I'm sure that you, as a committee, probably get his ears more than I could.

Would you please send him that message about that gentleman? We can get you the name. It's really important that the Prime Minister come down to Windsor-Essex.

Flavio Volpe: I hosted the Prime Minister down in Windsor-Essex. He's acutely aware of it, because nobody in Windsor-Essex is quiet. You can give your own personal testimony on that. Everybody knows we have an acute issue. They're rather articulate about it, because they're stuck in it.

What I would say to your constituents, to some of the other witnesses here and to the ones who came in last week is that I'm not quiet about this either.

To your point about the Michigan mould-makers, there is a bigger volume and a bigger cluster in Michigan. Whoever said that last week might have been right in terms of numbers, but you have to look in terms of the volume of work as well.

Chris Lewis: Thank you so much, Mr. Volpe. I appreciate your very honest answers.

Mr. Aalbers, how much longer can your business survive, facing the state of the industry as it is today?

Aaron Aalbers: As it is today, it's incredibly difficult to source any American work. Any contracts or negotiations we had at the start of the month—any bidding that was taking place—have essentially frozen because of the unpredictable nature of what we're going through at the moment.

I would say that, long term, if this remains in place, becomes consistent and doesn't change, we could adapt. We could recover and maintain ourselves in a year and a half to two years. With it being as variable as it has been, that's not necessarily guaranteed.

Chris Lewis: Thank you, Mr. Aalbers.

The last question I have is probably the most important question I have.

I realize this situation is imminent. It's not even next week or the month after. We've been told quite a few times that maybe July will be the end date on this.

What immediate backstops are needed to support the industry so it can survive in the short term?

Thank you.

Aaron Aalbers: I apologize. Is the question for me?

Chris Lewis: Yes, sir.

Aaron Aalbers: In the short term, it would be if we could get a continuation, an extension, on the counter-tariff exemptions for U.S. steel. Even though they are tariffed at the 10% rate, that is a significantly better selling point than 50%. It means that a number of our projects could possibly be argued to press forward. Beyond that, it would be a show of force in regard to negotiations and the intention to resolve this and keep it at either a consistent tariff level or no tariff but to enforce the idea that it simply can't be changed on a whim, as it has been.

• (1705)

Chris Lewis: Thank you, Mr. Aalbers.

Thank you, Mr. Chair.

The Chair: Thanks very much, Mr. Lewis.

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

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

Mr. Aalbers, earlier in this meeting MP Borrelli said the people she's spoken to didn't want funding of any type. I'm confused, because we've really been listening to industry to hear what would be a possible bridge while, clearly, our experts are working on resolving trade challenges with the United States.

The Windsor Essex Chamber of Commerce's recommendations were to reconsider and reinstate the blanket remission framework and implement short-term cashflow support measures. Obviously, everyone's goal is to resolve the section 232 dispute.

If there was short-term cashflow support to help provide the certainty to you and your workers—we heard from other people about concern around loss of workers—do you think that's reasonable for the government to do?

Aaron Aalbers: I think that would be an assistance. In regard to one of the struggles that we're facing in the workflow that's coming out, which became unfrozen in January and began coming through the shops, all the expenses the shops have taken on is likely to be frozen in place. The burden and costs on that are borne entirely by the local industries in this area, and they're unable to pass that along or to charge a customer for what their expenses are in the meantime.

Dominique O'Rourke: Thank you.

[Translation]

Mr. Lavigne, could you please send us your recommendations right away?

We are speaking with the Minister of Industry and the Minister of Finance. We raised the issue with the Prime Minister. We would be pleased to not only include those recommendations in the committee's final report, but also to champion the industry in Ontario, Quebec and elsewhere in Canada.

Could you send those to us very quickly?

Mathieu Lavigne: Of course. We can send them by email right away. We would be pleased to do so.

[English]

Dominique O'Rourke: Mr. Volpe, if we go back in time a bit—you know I chair the auto caucus—there are lots of allusions about Windsor Essex being an area very highly challenged. I don't dispute that. Guess who is number two in this report? It's the city of Guelph.

When we agreed to this study, we agreed, everybody around this table, that this was serious and urgent, and we wanted to hear from our witnesses.

Mr. Volpe, going back a little, I recall hearing Lana Payne, president of Unifor, say no deal is better than a bad deal.

Is that still your position? Even if we negotiate a deal tonight, what assurances would Canada have that this would be with a partner who is dealing in good faith?

Flavio Volpe: Everybody who's in the business wants to be in the business over the long term. Short-term liquidity issues aside, which are helpful for SMEs, in the tooling space but also in the volume parts space we want to have some assurance that the volume of

business that you are engineered for, that you are platformed for, is available, either from the market that has gone away for emergency tariff purposes or by finding new markets.

This is a proud industry that has contributed to Canada. It's contributed to building Canada but also to Canada in crisis. It's the industry that stepped up and did all the PPE and ventilators during the pandemic, on very short time frames. They want to have that path restored. There have been a lot of recommendations made on what a new path would look like, all of which have long-term structural issues, like making a major concession on tariffs or making a major concession on new manufacturers that don't buy from the supply chain. None of that works.

• (1710)

Dominique O'Rourke: I have another quick question. You bring a broader perspective of the industry. Thank you for raising the fact that the mould-makers were identified as a critical part of our supply chain. We all have interest in making sure they're surviving, thriving and able to benefit from major projects, from infrastructure to defence and the auto sector.

What are your recommendations around immediate actions, and what do you think support should look like for organizations?

Flavio Volpe: They're typically smaller companies, although, with apologies, there are some really big, globally relevant players in Ontario and Quebec. For the smaller companies that are currently frozen, especially since the April 6 updates on new derivatives, use the agencies that we have, like EDC, BDC and FedDev, to try to help through the current offerings to help short-term liquidity. If we're going to get relief through the CUSMA renegotiations, if that's this year over the next couple of quarters, let's get them there healthy, so that the immediate course of action for them will be that current customers may come back to them.

Dominique O'Rourke: Thank you.

[Translation]

Mr. Chair, do I have a minute to ask another question to the representatives of the Fédération des chambres de commerce du Québec?

The Chair: Yes.

Dominique O'Rourke: Thank you.

Mr. Lavigne and Mr. Rioux, thank you for being here. I would like to ask you the same question. We know that this is an extremely urgent file. What are your recommendations for the short, medium and long term? Do you also think that we should have credible, sustainable negotiations rather than just nonsense?

Hubert Rioux: Thank you for the question.

In the very short term, our main recommendation is to relaunch the regional tariff response initiative because it provides non-repayable assistance. What is more, it is extremely important for SMEs to have access to this liquidity in the short term.

In the medium term, we obviously need to find a more sustainable solution to the tariff issue. We need to reach a productive and lasting agreement with the United States government to eliminate these tariffs as much as possible. That could be done as part of the CUSMA review or in conjunction with it, but it is essential that it gets done.

Dominique O'Rourke: Absolutely.

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

Mr. Ste-Marie, you have six minutes.

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

I want to extend my greetings to our four witnesses. I thank them for being here and for their help in responding to this critical situation.

Mr. Lavigne and Mr. Rioux, thank you for your presentation.

Mr. Rioux, you painted a very clear picture of the impact that the April 2 proclamation, which came into effect on April 6, is having on the entire ecosystem of businesses in Quebec's metal processing sector, particularly its small and medium-sized businesses. That is very worrisome.

My first question is for you, Mr. Lavigne. Do you have good contacts at the U.S. Chamber of Commerce? I'm sure everyone will recall that, in 2018, the U.S. Chamber of Commerce took legal action against the U.S. administration regarding the illegal steel and aluminum tariffs under section 232. That case was dropped after CUSMA was signed.

Do you think that the U.S. Chamber of Commerce might reinitiate legal action, for example, against the most recent proclamation, which, as Mr. Rioux said, seems to go completely against CUSMA?

Mathieu Lavigne: Thank you for the question, Mr. Ste-Marie.

We are in regular contact with our colleagues at the U.S. Chamber of Commerce. They recognize that the tariffs are counterproductive for the U.S. economy, so they are also very concerned about this.

We are pleased to see that the Premier of Quebec is in Washington today and she should be meeting with them soon, if she has not already. That is very good news and shows solidarity on both sides of the border.

Beyond that, will they want to reinitiate legal proceedings? We will leave that up to them. However, it is clear that the key to success is dialogue with our American partners. The key to success for associations like ours, for businesses and for politicians from Quebec and Canada is to talk to people on the ground, not just White House administration officials, and to find our allies. We have plenty of allies in the U.S. on this issue.

Gabriel Ste-Marie: We are in complete agreement. You made yourself very clear. It is well noted.

It is very difficult to renegotiate an agreement when one of the two parties does not want an agreement or is not complying with the one that is already signed.

If there is still no compliance with the agreement or any willingness from the U.S. administration to reach an agreement by July, if we have to wait until the fall, or maybe even later because of the mid-term elections, and if the government does not propose any additional support programs or other measures, what will happen to your members, the SMEs and other businesses in the sector that are being affected by the most recent proclamation?

• (1715)

Hubert Rioux: Thank you for the question, sir.

Unfortunately, it stands to reason that some SMEs will be forced to close down, because 25% *ad valorem* tariffs completely take away their gross profit margins. It's simply impossible for them to survive in that environment.

Those who don't end up going out of business will seriously consider delocalizing part of their production to the U.S. Some are already doing business in the U.S., so if push comes to shove delocalization can happen more quickly than we realize.

Delocalizations, closures and bankruptcies; that's what we can expect if the situation around section 232 tariffs doesn't improve. That much is obvious.

Gabriel Ste-Marie: We recognize that there's an urgent need for action.

A few meetings ago, we spoke with someone from a small family business called Liard Industries that's been around for 50 or 60 years and does 60% of its business in the U.S. Last fall, they used a federal program to purchase a new machine and increase productivity. If memory serves, the witness told us that this investment might have been for nothing if nothing else is done, because orders and contracts have dried up.

There seems to be a lot of concern over retaining expertise and keeping employees on the payroll. We know that there's a shortage of welders, machinists and operators. The government appears to be open to a new one-time wage subsidy for companies impacted by the April 2, 2026 tariffs.

Do you hear that from your other members, or is that more of an atypical case?

Hubert Rioux: We haven't heard that too often over the last few days. That said, our position is clear: all short-term supports to help with the businesses' need for liquidity are welcome, whether it's support for wages or direct liquidity. In other words, they need help to ensure their short-term survival, which means non-repayable contributions because, in this context, businesses cannot take on any more debt. No matter what mechanism is used, they need liquidity support.

Gabriel Ste-Marie: I agree.

I have a technical question. The representative from the business I mentioned said that she heard from several people involved with SMEs that they learn about new orders being made through the media. Then the business owners turn to their lawyers, accountants or tariff specialists, who charge them hundreds of dollars an hour and don't always have clear answers for them.

Would it be useful for the government or Export Development Canada to set up a hotline specifically for that? The Ontario Chamber of Commerce mentioned that chambers of commerce could provide that service. Should that service be offered? If so, would your federation be willing to take care of it in Quebec?

Mathieu Lavigne: One of the problems that we see during crises like this one is that SMEs are disproportionately impacted because they don't have as many resources to properly assess and analyze financial and commercial issues. So yes, that service should be offered.

That said, we're always willing to discuss the means and the ways to do that with the government. As far as the means go, we're open-minded, because we're interested in results. The important thing is to support SMEs.

Gabriel Ste-Marie: Thank you very much.

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

[English]

Mr. Groleau, the floor is yours.

[Translation]

Jason Groleau (Beauce, CPC): Good afternoon, Mr. Chair.

Good afternoon, honoured guests.

Mr. Rioux, you're the economic director of the Fédération des chambres de commerce du Québec.

I'm from Beauce, a manufacturing region that hosts several big players in the steel industry, some of which are among the biggest in North America, as you know.

We've been here for a year and no progress has been made. Every time I come here, we talk about American tariffs. The Prime Minister promised victory, but tariffs have doubled instead.

At this stage, what is the impact of these tariffs on Quebec businesses from an economic and employment standpoint? What are businesses telling you?

• (1720)

Hubert Rioux: They're telling us that it's unbearable.

In a way, it was bearable under the previous tariff regime.

First, there were no tariffs on cast steel and aluminum in the U.S. That's no longer the case: now, there's a 10% tariff on that. Some processors import American steel or aluminum for the simple reason that there's no other solution in Canada for their specific products. So there's that.

Second, as I said, 25% *ad valorem* tariffs take away the profit margins of many processors, and that's unbearable.

We're also told that, depending on the contracts that businesses had signed with their clients in the U.S., some clients were willing to absorb the tariffs because they were relatively low since they only applied to the value of metals present in manufactured products. Now that tariffs are 25% *ad valorem*, businesses are getting used to the idea that their American clients won't renew their contracts in the short or medium term. In the medium term, the result is loss of contracts.

Jason Groleau: Thank you.

Let me give a concrete example. For garage door manufacturer Garaga, tariffs on exports are at 50%. It's the biggest player in Canada and one of the biggest in North America. Add to that 25% countertariffs and the exchange rate. It's easy to see that it's impossible to make it in these conditions.

Moreover, the U.S. have shut their doors completely because of steel dumping. Over here, we haven't done anything.

Do you have any recommendations?

Hubert Rioux: As I said earlier, the horizontal remission of countertariffs on U.S. steel should be reinstated immediately until such time as the retaliatory tariffs are removed. That's fundamental in our view. The horizontal remission was abolished in January. That's our main recommendation.

Our position on countertariffs is that they should be limited as much as possible to finished products imported here when they compete with equivalent finished products made in Quebec or Canada. We want to shut out American competition, just like the U.S. is doing to us.

However, we want there to be as few countertariffs on semi-finished products and intermediate inputs as possible, because the countertariffs are hurting our processors. We're shooting ourselves in the foot by putting countertariffs on intermediate inputs.

Jason Groleau: We've been here for a while. Announcements are made. My colleagues said earlier that they were talking to the ministers, but there is no action. No action has been taken on this issue. It has even gotten worse in terms of tariffs.

We all agree on developing new markets. New markets are being announced. I was born close to the American border. We agree that, unless the United States has physically moved, it's still next door. That's just the way it is.

Why aren't we focusing our energy in the right place? Why are we not negotiating with the Americans?

I'll give you an example. Last week, I was with our friend, Mr. Wiseman. He told me that Canada was deliberately making the Americans wait in the negotiations, which I find quite scandalous. Don't you think we should focus our energy on resolving the issue of U.S. tariffs?

Mathieu Lavigne: That is certainly the priority for Quebec businesses. The ones in your riding are probably saying the same thing as the ones we talk to across Quebec.

Yes, diversification is important. It would certainly be a good idea to have more help with diversification, but that will never replace the American market. The U.S. will always be our main partner. No matter what we say, geography will not change. It's so easy to access. It's such a huge market.

Therefore, the priority of the governments of Canada and Quebec should be to talk to the Americans, find allies and resolve this situation, absolutely.

Jason Groleau: Thank you.

The Chair: Thank you, Mr. Groleau.

[*English*]

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

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

Mr. Volpe, with your expertise, do you see the shift by the U.S. in trade policy as a temporary disruption or more of a long-term shift?

Flavio Volpe: It's a very good question. I think it's related to the man in the White House. At the USTR hearings on December 5, to which I was invited to give a deputation—the only Canadian industrial sector invited—most announcements showed that about 90% of the 149 witnesses, who were American, were very positive about the CUSMA for their businesses, and had showed an incremental benefit from when it was signed.

The President has decided that he wants to pick on Canada and Mexico. He started his second presidency with it. He is not speaking the same language that his industry is.

• (1725)

Michael Ma: If there is a long-term shift, how do we build a more resilient domestic auto supply chain that will allow Canada to better adapt to this rupture in our trade relationship?

Flavio Volpe: What's difficult is that you can't change the geography and the return expectation. It's a 6% or 7% business. What's not difficult is convincing the Americans that if you stopped parts from Canada and Mexico, you would shut the industry down. I warned about it. Linda Hasenfratz warned about it. A few others joined us after. Last year, in May, we got a very quiet exemption from Commerce and CBP on parts.

I think what the question really speaks to is this: What if we don't get that market back for cars? That's a really tough prospect for our suppliers. One of the things I said today at the Canada-U.S. relations committee and have also been saying very publicly is that there is an opportunity to diversify locally, and that's our defence spend, but we need to get more clarity on earlier defence ramp-up,

so that we're able to say to suppliers, look, we're going to build a bunch of stuff that rolls and a bunch of stuff that floats. Instead of that being in the 2030s, it has to be in the late 2020s, so that we have local diversification.

Michael Ma: My next question is for Mr. Rioux.

How would you describe the role that interprovincial economic integration plays in shielding Quebec and Canadian firms from the sudden volatility of U.S. tariffs?

[*Translation*]

Hubert Rioux: Thank you for the question.

It is clear to us on our side, and this is our long-standing position, that interprovincial trade is one of the alternatives for diversifying our trade.

That said, the Canadian market is not as big as the American one. That's part of the leverage we can apply, but it won't solve the problem in the short term for the processors and manufacturers who are affected by the tariffs. It is clear that the priority must be to end the tariffs through negotiations with Washington. There's no alternative to that.

[*English*]

Michael Ma: How can the federal government work with Quebec industries to advance a strong team Canada approach that puts our collective interests first in trade negotiations?

[*Translation*]

Mathieu Lavigne: I think the first thing we would ask of the governments of Canada and Quebec would be, as you said, to take a team approach, to work together, but also to go down to the United States to meet with our partners. It's not just the White House; it's also the senators, House representatives, governors and mayors. They are often, in fact, allies because they see the economic impact of Canadian and Quebec companies back home, but also on companies that have subsidiaries on both sides of the border. As we're also seeing now in a number of surveys, we have allies to work with on the other side of the border.

[*English*]

Michael Ma: Are you suggesting, then, that we cannot rush into this and that it takes time to speak to all of these various stakeholders?

[Translation]

Mathieu Lavigne: It's clear that it is the number one priority of Quebec businesses. Therefore, we would like this to be resolved as quickly as possible. As we said earlier, it's all well and good to work on diversification projects or things other than tariffs, but that's the short-term priority of businesses in Quebec. I think the same is true in many other regions in Canada.

We want this to be resolved as quickly as possible. That's the priority.

[English]

Michael Ma: Thank you.

The Chair: Thank you, Mr. Ma.

[Translation]

As I said at the outset, we are removing the last two speakers.

Mr. Ste-Marie, you have the floor for one minute and you are the last speaker.

Gabriel Ste-Marie: I would like to take this opportunity to thank the four witnesses once again. We would have liked to ask more questions.

Mr. Lavigne and Mr. Rioux, could you explain to us again how the latest order affects businesses through the drawback program and what you suggest we do to help businesses in this regard?

• (1730)

Hubert Rioux: There are two things. The drawback program is for export processors, who can be reimbursed for Canadian countertariffs when they export a finished product, such as an input that they imported from the United States. In our opinion, this program should be publicized more because many processors, particularly SMEs, are relatively unaware of it. It's also hard to access, in the sense that they have to provide a lot of documentation and the response times to requests from businesses can be long. That's number one.

The second program, the horizontal remission of retaliatory tariffs on American steel, was abolished last January. We are asking that these “horizontal”, meaning automatic, remissions be reinstated for all processors and manufacturers that use American steel. Right now, we're shooting ourselves in the foot with this measure.

Gabriel Ste-Marie: Thank you.

The Chair: Great.

Thank you, Mr. Ste-Marie.

Thank you to the witnesses, Mr. Lavigne, Mr. Rioux, Mr. Aalbers and Mr. Volpe, for being here with us.

[English]

Thank you very much for availing yourselves to the committee on very short notice. We know how much pressure there is on your time right now. We appreciate the insight and the guidance.

Colleagues, what I'm going to do is suspend for about three minutes to afford everyone an opportunity to prepare for the next discussion. I had hoped initially, as I raised at the outset of the meeting, to have a couple of moments to talk about future planning. I'm

just simply going to move that to the end of Thursday's meeting. You might want to let your teams know in advance now that I'm going to be adding an extra 30 minutes to Thursday's meeting for committee business. It might not have to be that long, but we need to figure out what the next week or two look like, particularly given that we're on the verge of two consecutive break weeks.

Having said that, I'm going to suspend momentarily. I'm starting in a crisp three minutes.

We're suspended.

• (1730)

(Pause)

• (1735)

The Chair: Colleagues, in the spirit of the collaboration that we have established quite well since the start of this session, we will honour the commitment to return to debate on the motion presented by Madam Dancho.

I understand that this should now be in the hands of members in both official languages. There's an opportunity for members to speak. I did not have a speaking list.

I have Mr. Bardeesy first and then Ms. Borrelli.

Just keep your hands up. You know how it goes. A lot of people want to speak.

Mr. Bardeesy, why don't you start while I take note of whose hands are up? I already have Borrelli, Lewis, Bains, Dancho, Ste-Marie, Groleau, Falk and O'Rourke.

The floor is yours, Mr. Bardeesy, on the motion.

• (1740)

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

I appreciate the chance to speak to this motion. This committee, as with other emergency meetings, has done good work. We haven't actually concluded the work of the committee. We had a shortened period of time with our second round of witnesses just now. I think it was the intent, at some point in this meeting, to get to some of the particulars around how we were going to do report writing, because I know the motion that we agreed to on this side, the original motion that struck this emergency set of meetings, was to report to the House. I think it's important that we look to do that work.

This motion seems to come in an odd way at an odd time, given that we were towards the end of doing the work of hearing from witnesses and then getting to the kind of report writing that I believe is necessary to do the work of reporting to the House.

I also argue that the motion here is a very partial, very incomplete and very misdirected approach that I don't think captures the spirit or the content of what we heard in this set of hearings and that we would want to, I think, continue to work through, including written submissions. I'll give some examples.

Even in our hearings today, we heard about the need to diversify to markets beyond the United States. We heard that in all three meetings in the study. I know that we're getting submissions that I think will fill out our understanding of the diversification that we're looking to achieve, diversification that, incidentally, is already starting to happen broadly for Canadian exporters. We know that Canadian exports to Europe are up 31% year over year. We know that foreign direct investment is at an 18-year high, so we know that diversification is a key aspect of this issue.

We heard from most witnesses, even as they were sharing their very frank and very significant challenges with the section 232 tariffs of April 2, that the need for diversification and support for that diversification were something that was requested and something that our government is already working on through the expansion of trade corridors and through the opening up of new trade agreements and new trade opportunities. We don't see that reflected in the motion.

We heard today and from other witnesses the very specific and real desire for other forms of relief, work-sharing arrangements and various forms of subsidy and tariff relief. Again, these are things that this government has been doing with the regional tariff relief initiative and through the RDAs.

We have seen a variety of supports, including through the workforce alliances and a number of supports that our government has proposed. I believe this study was filling out our understanding of the very specific needs.

Mr. Volpe, in his testimony today, referred to the age and profile of some of the mould-makers and manufacturers who are being captured in this April 2 initiative by the administration to the south, which we continue to believe is illegal and unjustified. We have been speaking quite clearly and loudly on that, yet the motion makes no reference to the calls at this committee, including today, for that form of relief.

The motion makes no mention of the defence sector. We've heard in a variety of places that the pivot towards defence investment, something we foreshadowed with our defence industrial strategy study, significantly informed the release through the testimony and through the briefings that happened while our study was taking place. I think it significantly informed the government's defence industrial strategy policy document that came out. We heard multiple times in these three sessions and other sessions, including during our productivity study, that defence opportunities are being created, including by meeting our two per cent NATO commitment that we've already met this year. We are reaching towards five per cent.

We know that there's a lot of excitement in some of the various sectors that were touched by this study and in some of the various witnesses we heard from in the last three sessions—there's an appetite to be a part of that defence diversification. Again, that's not something that happens overnight but something that we know

from the testimony and from the other forms of supports that are available is going to be part of the response more broadly to this effort, yet the motion does not touch on this.

● (1745)

I wrote down a quote from Mr. Aalbers earlier today, who said, in response to a question by Mr. Ma or Ms. O'Rourke about tariff relief and support for workers, "I think that would be an assistance." That is a very important testimony. It's very important that we have relevant, useful responses to this committee, which we can then take to the government.

We also see in this motion a desire to rush into an agreement—I'll just quote it—"that ends these tariffs, restores stability, and protects Canadian jobs and the long-term competitiveness of Canada's industrial base". The actions we're taking are all about restoring stability and protecting Canadian jobs and the long-term competitiveness of Canada's industrial base. We heard from the testimony today that the impacts of these tariffs are being felt not just in Canada but also in the United States. We heard that these are counterproductive and harming the very U.S. industries the U.S. administration claims to be trying to reshore or repatriate investment towards and protect.

We had some very useful testimony that can and should be part of not only our advocacy, but also the advocacy by American business interests, which we know are unified in their opposition to this. We heard testimony today about the loss of 100,000 manufacturing jobs, yet the motion chooses to bypass all of that and seeks to have us rush into a deal that would not be in our interest.

I know that the motion calls on the Prime Minister to act. The good news is that he has been very engaged, including in the House of Commons, on these issues. He was very engaged just recently in a CBC interview, in which he said the following. I want to read this into the record, because it is from a CBC interview today:

A lot of countries rushed into deals with the U.S. They weren't really worth the paper they were written on.

In my riding, I have heard since March and April 2025 that Canadians made a choice for this government, this party and this Prime Minister because they trusted him to have our best interests in mind and to get the best possible deal for Canada. The Prime Minister is very perceptive when he observes that a lot of countries rushed into deals with the U.S. that "weren't really worth the paper they were written on." What does he mean by that? It means they embedded—

The Chair: Mr. Falk has a point of order.

Ted Falk (Provencher, CPC): Just to correct the record a bit, Canadians never gave the Prime Minister a majority mandate.

The Chair: Mr. Falk, I'm going to—

Ted Falk: They actually gave him a minority mandate, and a majority was stolen—

The Chair: —take the floor back because we can't....

Mr. Falk, I don't want to give a headache to our interpreters. You're an experienced member, sir, and you know that correcting the record is not a point of order that I can honour.

I am going to turn the floor—

Ted Falk: I thought it was a procedural thing.

The Chair: No, sir, unfortunately it's not.

I'm going to turn the floor back to Mr. Bardeesy.

Karim Bardeesy: When he says, “A lot of countries rushed into deals with the U.S. They weren't really worth the paper they were written on”, what does he mean? Well, he means a couple of things. He means that those agreements maintained tariffs at a level that was unacceptable, would have been unacceptable, continues to be unacceptable and would certainly be unacceptable to us. Those deals often involve the exacting of a form of tribute in the form of requests for investment in the tens or hundreds of billions of U.S. dollars in exchange for a deal.

The good news is that in Canada, things are going in the other direction. The foreign direct investment into Canada is at an 18-year high. I'm very pleased that the Canada Strong fund, which was just announced today, will attract and allow Canadians to participate even more in that form of investment. When the Prime Minister refers to these other deals not really being worth the paper they're written on, it is a very clear differentiation between the position on this side of the table and the position espoused by some on the other side of the table. I don't think our colleague Monsieur Ste-Marie from the Bloc espouses this position in the same way. To rush into a deal involves baking in the various concessions that the administration is trying to achieve with these tariffs.

I'll also observe about these tariffs that something very interesting was clear throughout today's testimony. Until April 2, there was actually more investment happening. We heard from some of the testimony today that the position those companies were in was actually quite a positive position. They were feeling that form of confidence that comes from.... This is in the context of when the section 232 tariffs were in place. The 232 tariffs were in place, not at the level they have been since April 2, and these businesses were feeling confident. They were making investments.

I know that my colleague from Guelph, when it's her turn to speak, will mention Ms. Hasenfratz from Linamar and the kinds of investments that she refers to. We know that the kinds of investment Mr. Volpe champions on behalf of his sector are ones that continue to be made. We know the auto sector investments, and the SMEs that serve the auto sector—investments in the billions of dollars in the Ford plant in Oakville, the third shift in Stellantis, the NextStar investments in Windsor and the PowerCo investments in St. Thomas. Investment is happening. Investment is happening despite the 232 tariffs that have been levied. It's just the very specific April 2 measure that has tipped these specific firms into unprofitability.

That's something we take very seriously, which is why we agreed to the study and why we got very granular in terms of hearing from the witnesses and trying to get some very specific tactical advice and tactical sense of what was required to come to their support. However, this motion doesn't refer to any of that. This motion does not refer to the investments that have been made, despite the 232 tariffs, at the levels that were pre April 2. A very specific set of decisions on April 2, we know, has had a very damaging impact. The tariffs are now applying to the full value of the good and not just the steel content of the good.

The Prime Minister also said the following in relation to where things are: “There's no value in misrepresenting your position, sugarcoating things unnecessarily, not being clear on where you're going to stand.” I think it's an important piece of counsel for members across the way. This motion appears to invite an invitation to conclude a deal. You know, the 101 on negotiations is something called a BATNA, or best alternative to a negotiated agreement. If you state up front that you must have a deal, you will get a bad deal. That is a demonstration of weakness. On this side, we're actually....

This isn't just a political point. This is a point that can lead to real harm. If the Conservatives continue to campaign on getting a deal at any cost, and if the Conservatives continue to campaign on reviving an auto pact that is three generations of auto policy behind, with no regard to the actual situation that we are in today, then we are at a real risk of the administration identifying that division within Canada and exploiting that towards trying to drive the deal that is most damaging to Canada.

● (1750)

We have had a taste of this in the past. We have not had the member for Bowmanville—Oshawa North sub in to this committee, but I know that in his visit to the U.S. and to the White House, he made some representations about how Canada was dealing with this negotiation, and they were damaging. His public remarks about his White House visit—apparently and unfortunately in the absence of the Conservative international trade critic, with whom I think we could have collaborated in a more collegial way on a common set of objectives—were a damaging intervention.

Now we have this intervention, which calls to “finally” deliver an agreement, not recognizing that the Prime Minister, through his leadership and through his interventions, has actually been doing the key work of protecting a number of sectors. The work to be done by this committee is to hear the real, felt needs of the mould-makers and the associated sectors of chemicals and plastics—and we've also heard from a few automakers and others—and find those tactical supports that government could then use and respond to.

I think this is a real error in judgment. When I saw the wording of this motion, I wondered if we should invite the Conservatives to amend their own motion to say that the committee is calling on the Prime Minister to capitulate, to say that we'll sign any deal, because when you lead with "we will do a deal" and the details are from an era that is 30 years gone, then you're basically calling for capitulation.

The section 232 tariffs exist under the Trade Expansion Act of 1962, which allows the U.S. secretary of commerce to investigate the effects of imports on national security and gives the president authority to adjust imports via tariffs or quotas if a threat is found. It was rarely used until the Trump administration came along. In fact, the first positive determination came in 1973, for oil imports. It resulted in licensing fees and import quotas, and the U.S. Congress actually moved to limit this power in 1975 to restrict President Gerald Ford's ability to act on petroleum.

The statute was rarely used, particularly after the creation of the World Trade Organization, but this legacy of an older piece of legislation was picked up by the administration in 2017. We know some of the investigations that resulted.

Canada did some very aggressive negotiation at the time, in collaboration with the Canada-U.S. Trade Council. It was great to have Mr. Volpe, who has experience of that trade council as well as the new trade council. Thanks to some very expert work, we were able to limit the damage there.

The Biden administration generally maintained the steel and aluminum tariffs while moving away from the aggressive, broad-based use of the tool, but they did conduct other section 232 investigations, because the free trade consensus that we had in North America—which was already brittle, especially in the United States—was permanently changed by President Trump's first election. Unfortunately, the Biden administration actually showed more continuity than change with the Trump administration on those matters.

We know that section 232 investigations and related investigations continue to target specific critical supply chains, such as semiconductors, pharmaceutical ingredients and critical minerals. We know that Congress has viewed the overuse of section 232 with concern, because it takes away their powers, and in fact we've seen the U.S. Supreme Court move in a related direction on some other emergency economic tariffs that the Trump administration has brought in.

In that context, to invite an agreement at any cost is very damaging to Canada. I think we can do the work, identifying and resonating and empathizing with moving in support, as this government has done, sometimes with and through the advice of committees like this one. We can differentiate between that real work that needs to be done, and capitulation. If we lock in anything like the section 232 tariffs that came after April 2, it is going to be the death knell. We can't lock these in. We can't get anywhere close to locking these in. We have to hold strong. We have to hold strong together as a country.

• (1755)

We have to hold strong as a Parliament to invite a common front on this. The administration is looking for those places of weakness,

as we saw with the visit by the member for Bowmanville—Oshawa North to the White House. There was some real damage that resulted.

I'm opposed to this motion for these reasons.

[*Translation*]

In my opinion, the motion basically tells the administration to the south that we are going to go bankrupt and they will win. Their story is already that they win and we lose, and this motion will reinforce that story in the negotiations.

As we heard in testimony, the witnesses themselves told us that American businesses that trade are also suffering from the tariffs. There is the threat that these industries will leave not only Canada, but also the United States to go to Mexico, China or other countries.

It is up to us to stand together as a country, not only with Canadian industries and businesses, but also with supply chains in the United States. We have to make common cause with them.

For those reasons, we are opposed to the motion. It's not in Canada's interest. We want to follow the leadership of the Prime Minister, who reminded us just today that these kinds of agreements at any cost hurt the countries negotiating them.

We must remain strong and united together.

• (1800)

[*English*]

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

Ms. Borrelli, the floor is yours.

Kathy Borrelli: Thank you, Chair.

Before I start, I want to comment in regard to something that Ms. O'Rourke said when she was questioning witnesses.

She misrepresented my words by saying that I said that shop owners didn't want any financial relief. I did not say that at all.

The Chair: Ms. Borrelli, I'm going to have to interrupt here.

I'm going to give you a minute to get to it, but if it's not related to the substance of the motion that we're dealing with right now—maybe it is or maybe it isn't—then it's not admissible.

I'm going to hear you out for a minute, but I want to caution that this has to be relevant to the topic at hand.

Thank you, Ms. Borrelli.

Kathy Borrelli: Look, we all heard the same testimony. We were all here, listening to those witnesses for the last three meetings. I'm sure that on the other side, you guys over there heard the same testimony I heard. You heard business owners say that there are some companies that will need relief. They said that some of them, most of them, can hold out for two to three months, but that's it and otherwise a crisis is absolutely imminent.

Ms. O'Rourke said that I said people don't want any financial relief. If you like, I can tell you my exact words—

The Chair: Ms. Borrelli, again, this is a matter that under a different circumstance you could certainly take up with Madam O'Rourke, but in the context of a debate on a motion that does not have to do with the issue at hand, I'm afraid that I can't rule that in order.

I'm going to have to ask you to continue in a way that's going to bring it back to the motion—to speak to the motion or relinquish the floor.

Thanks, Ms. Borrelli.

Kathy Borrelli: I'll definitely speak to the motion. Thank you. I just wanted to point out that it's disrespectful to misquote another member of this committee.

Mr. Bardeesy spoke at length about why he wouldn't support the motion. He talked about rushing into a decision, rushing into a resolution. I don't understand his point, because I have not seen a rush. Promises were made over a year ago. We were promised a resolution by July 2025. So far, we've had no movement. We've had no improvement. We've had only tariffs that have worsened and put a bigger burden on our companies, put a bigger burden on our economy and put a bigger burden on the ability of Canadian businesses to work and to provide work to their employees.

Businesses have already started closing. This is huge. Why would you talk about not rushing? Why would you not rush when we are at risk, in my community at least, of losing 48,000 jobs and of a total economic impact of 150,000 jobs lost?

I don't want to misquote Ms. O'Rourke, but I believe you said that Guelph is in a similar situation and that you do understand the impact on the companies in your community. I don't understand why you wouldn't want an immediate resolution to this. This is not something we can wait for. When these companies close, they're never coming back. You've heard testimony in that regard. Why wouldn't you want to act right away, right now, today? Why should you not want to request a meeting with your leader, the Prime Minister of Canada? You guys can request a meeting to let him know how imminently, negatively impactful this will be and how bad the situation is.

I talked about the numbers in my community. What are the numbers all across Canada? Do you know that if these companies fail, it's going to have a huge impact on our whole manufacturing sector in Canada? It's going to trip them up too. These companies make the tools that let manufacturers build and do their work, and they're closing and moving to the United States. They're being asked to think about pivoting. I mean, this is a huge problem. Do we want to rush? Yes. Is this a rush when we've been sitting on it for almost a year? We've been told since April of last year that there would be a

resolution of this tariff problem by July 2025. We've been waiting. We've been praying. We've been hoping, and nothing's come along. It's just gotten worse.

If those negotiations had been held by the date they were promised, this wouldn't be a problem. These section 232 tariff increases would not be a problem today. Thus, is it important to rush? Is there an immediate need for the Prime Minister to address this? Shouldn't the Liberal members of this committee be taking that message to the Prime Minister? Do you think this is not something to worry about and rush? Spending over a year talking about relieving tariffs has not been a rush.

Therefore, I am in favour of and support this motion.

● (1805)

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

Mr. Lewis, the floor is now yours.

Chris Lewis: I'm going to be relatively brief here, because I really hope we can get to a resolution. Every second, every single minute that goes by that we're talking about this very important motion, by the way, is another second, another minute, another day that our companies hemorrhage and Canadians don't have food on the table. I just want to speak quickly to the need for urgency and how wildly important it is to support not only Essex—Windsor and Guelph but all manufacturing, including our dear friends in Quebec, who are losing very quickly the ability to be even remotely competitive with the United States and are therefore shutting up shop and taking their businesses to either the United States or Mexico, or subbing it out to China, which once again eats our lunch.

It's really ironic, Mr. Chair, that during this meeting a CBC News article came out, entitled “Canada won't be 'chasing a small deal' to get U.S. tariff relief, Carney says.” It goes on to say, “Carney told *CBC News: The National* that the Canadian side is ready to work on a deal that would see some of those tariffs lifted, but added he's not interested in quickly achieving a 'small deal.'” He said, “We need a good deal in the right time, and what we don't need is chasing a small deal that disadvantages us.” He sounded a lot like President Trump when he went on to say, “We could sit down this afternoon and hammer the whole thing out over the course of 10 days if the U.S. side—which has other things to do, I acknowledge that—had the bandwidth and the inclination to go through it.” He added, “But it takes two to negotiate it through, and they're not all the way there.”

Well, the truth of the matter, Mr. Chair, is that I'm pretty sure the Prime Minister is going to have to be in Washington to negotiate this, or at least to invite President Trump up here. Therefore, those words fall relatively flat, in my opinion.

Mr. Chair, I really do like this committee, by the way. I think we've got a lot done in three meetings, but now it's time to get the study done, to present it in the House and to figure out which back-stops we can get for our businesses, so that we don't lose an industry forever and great Canadian paying jobs forever, and that we can remain the leader in autos, the leader in moulds.

Perhaps, if people were really strategic, they would ask questions such as this: Was it perhaps an oversight? Perhaps if we just added the word "mould" to the end of the exception list of the section 232 tariffs, we could get somewhere.

I believe that collectively we need to have level heads, albeit all through the room, and just move this thing forward. I would definitely support the motion.

Thank you, Chair.

• (1810)

The Chair: Thanks very much, Mr. Lewis.

I'm just going to remind colleagues of where we are on the speaking list. I have Mr. Bains followed by Madam Dancho.

[*Translation*]

They will be followed by Mr. Ste-Marie, Mr. Groleau, Mr. Falk and Ms. O'Rourke.

[*English*]

Mr. Bains, the floor is yours.

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

Thank you to all the members here. This is an important committee. We all understand the work we're doing here.

Mr. Lewis made some really good points there. We're working on some great studies, with more to come. We'd like to get to the work. We'd like to see reports come out and recommendations be delivered and taken into consideration. That kind of work is really important. It's what we do here.

I appreciate the passion Ms. Borrelli brought to the committee. Fighting for your community is extremely important. It's why we're all here. As a British Columbian, I think I'm the only Pacific member here. I represent the Pacific NorthWest Economic Region. If you look at that specifically, it amounts to one trillion dollars' worth of GDP. To those member states and member provinces, including Yukon, that's a big deal.

I think one thing that's missing here is that Ms. Borrelli brought the point forward that we do need to rush, but as I think Mr. Lewis answered, we have to understand who we're dealing with and the people on the other side. I had the opportunity to visit Olympia, Washington. I work with the Pacific NorthWest Economic Region, and I visited there. Many of our members here, along with the chair of our committee, went to Washington, D.C. We've made several visits—not just people who are part of specific committees but people at the ministry level and all MPs—because we all care. We all care about what's happening across the border and what that means to us. I have 110 million pounds of seafood off-loaded in my har-

bour annually. That goes down the I-5 into Washington state. They have issues around....

They need our potash. They need our fertilizer. They need things that are important to their wine sector down there. I come from an aerospace background, so I have a strong understanding of the relationship. Boeing has been in my city for over 100 years now. A cool fact is that the first flight Boeing took was Canada Post, to deliver mail from YVR to the Seattle airport.

The relationship we talk about, and the passion everyone wants to bring forward and use towards negotiating things.... We've tried that. We've done that. Many of us have gone there. I've spoken to members from both sides. We've had senator reports written. We've had not only Republican but also Democratic members come to the table. The congresswoman who chairs the ways and means committee brought forward the motion calling the tariffs illegal. We've seen movement from Republican representatives, who are now speaking up as well.

PNWER is five states, five provinces and the territories. Beyond the PNWER states, you have 36 states that are now actively working toward a motion to be brought forward in their state legislatures whereby they're looking at a CUSMA or USMCA deal that would last 16 years. Everyone's working actively. A lot of people we're hearing from are also probably saying, just like Ms. Borrelli, that we need to get to something and we need to rush. It's not happening—on either side.

There was one statement I heard every meeting. Perhaps the chair and others can attest to this. In every meeting I took in the United States, whether it was in Washington state, in D.C., or in Oregon, we would give them a series of facts on the importance of and the benefits in machinery to the tune of \$1 billion annually. They make more money off us.

• (1815)

The Spokane region's representative is Congressman Baumgartner, and I spoke to him. He didn't even know, but when we did inform them of some of this information, and they knew what they were missing out on because there's no deal, they said, it's up to the President. It's up to the President. We can sit here, yell and scream about things, and with valid intent, for sure, but if we talk about rushing into something with someone who's very clearly making decisions one way on one day and in another way on another day.... I think that has been very apparent, and I don't think any of us are missing out on the social media that he himself is involved in.

I think that's a very big missing piece in here. I don't know if you can add a line in your motion here about rushing to a deal that the President of the United States agrees to. I don't know, maybe we can make some type of amendment or something. I think that it's the premise behind it. We all love it. We want to do this. We want to help every family, every Canadian family. In this study specifically, it was extremely important to hear how much impact the mould-making and tool and die.... I come from, as I said, the aerospace industry, which was a great many years ago for sure, but every industry that I've been involved in.... I've built homes, so I understand that. I'm from British Columbia; we understand how important the western red cedar is for us and the softwood lumber deal.

We're hearing things such as that the USMCA deal is most likely pretty good as is, but then we're going to do separate deals on lumber and separate deals on steel. Which one are we going to rush to do? That is my question. I'm not sure that we're getting anywhere with this. I can understand. Look, I typically don't engage in a lot of partisan politics, because there's enough oxygen that gets wasted around here. That's not who I am. I'm a worker. I look at myself as a worker. I do my work, and I try to deliver what I can for my city.

I wanted to talk about this today, because we're all working really, really hard, and we know the families that are impacted across the country. We know that, quite frankly, there's a lot of western alienation. We don't really hear much from B.C., so I thought I'd do my bit today, because it's important. It is. There are a lot of things that are happening, and we have a lot of members on the other side from B.C. We know the industries that matter. We have major projects that are important to us right now that we're looking at delivering. If we can, work towards making sure that we can strengthen the things that we can strengthen and not look at saying, okay, we have to rush into certain things. We heard from an experienced, dedicated member in Mr. Volpe, a dedicated person from the automotive industry for years, who gave us some very direct, real answers on what the reality is on the ground. We heard at the last meeting from members, from other experts and representatives from the respective chambers and what they're hearing on the other side. We have the Gordie Howe Bridge and the controversy we saw around that.

Again, every road, every bridge, leads back to someone who is putting a dead end on the other side. If we look at how we're going to get to a deal, we do have to take into consideration thoughtfulness, or else we are getting just bogged into something that will not be good for the families, Ms. Borrelli, that you're fighting for, or Mr. Lewis, or others—the families we're all fighting for. Recently, even the polls suggest this. It's not just we who are fighting for this.

• (1820)

We heard from Americans. They tend to agree. They don't think the Trump administration is arguing in good faith. They themselves are now saying that. We aren't even saying this here. This motion doesn't say this here.

Polls found that, among Republican voters, 53% say they trust Canada. We must be doing something. The Prime Minister must be doing something that's trustworthy at this point for them to think

that way. Thirty-three per cent do not. It's 71% for Democratic voters.

We are now in a situation where many of us come from a wide variety of different sectors. We all are fighting for those things.

I'd like to share some thoughts from recent senators and what they're saying on the other side, if I can find them. I don't want to misquote.

We talk about defence. Look at defence. I really want to share this, because it was such an important piece in some of the conversations I had with Congressman Bentz from Oregon. I talked about Boeing and how we have now procured the Boeing Poseidon aircraft and other military defence procurement that we're engaged in right now. There are over 600 suppliers across this country in defence. They are Canadian suppliers, and 300 come from British Columbia.

I said that, for interoperable capabilities, we are basically being counterproductive. We're spending twice as much on things that don't need to be spent on at a time when both of our nations need to grow together and protect one another against the challenges we are seeing with over 120 different conflicts around the world right now.

Adding to that piece, if we look at everybody from, let's say, the corn growers.... Canada and Mexico are two of the largest markets for American corn growers, and USMCA has been vital in making that happen. We're deeply appreciative of these senators for taking the initiative, sending this letter and highlighting its importance. Everyone wants this.

I'm talking about corn growers. I know Ms. Dancho might not like the corn growers' association or something, but they're saying this.

The spokesperson for the Agricultural Coalition for USMCA said that they are greatly appreciative of their allies in the Senate for supporting the renewal of USMCA, which “is vital to the U.S. economy and an important economic engine for rural America...Renewing the agreement builds on the president's success, and we encourage extension due to the vast benefits to U.S. agriculture.”

They're not getting to it. They want it. The National Corn Growers Association and the Agricultural Coalition want a deal. Everybody's saying, “Let's get to it, let's rush,” but it's up to one person. That's what I heard when I went there. It's up to the President. Let's get to it.

Go back to the Greer report and the Senate finance committee. Ambassador Jamieson Greer did the report and highlighted the grievances they have. When was the last time we heard some of these things that have come forward? Greer wrote, “The question is whether—in recognition of these shortcomings—anything should be done to change them. Stakeholder views are mixed.”

• (1825)

That means.... All of industry wants something to be done—it's just not happening—to tackle these issues: everything from rules of origin to critical minerals to economic security alignment—trilateral approaches between the U.S., Canada and Mexico, negotiating firmly.

This is the most important thing that it says here—the United States said this. In this report, it says, “USTR's view is that, whatever the USMCA's value to the United States and even North America, the shortcomings are such that a rubberstamp of the Agreement is not in the national interest.”

Are we looking to do a rubber stamp? Are we hoping to just rubber-stamp a deal here? I think that's basically what we're working towards if we look at going back to this motion. I don't feel that it is very pragmatic. It's not something that has a reality attached to it in terms of the real circumstances that are attached to the current situation between these two nations.

I'd like to sort of add a bit more here, if I have time.

The Chair: You have three more minutes.

Parm Bains: I have three more minutes. I think I have one more piece to talk about here.

Again, not enough has been said about the relationship between Washington and British Columbia. Washington exports \$2.2 billion in services to Canada. If we're talking about just in travel, travel alone is \$482 million. Telecom is \$441 million. Charges for the use of intellectual property are \$436 million. This is good business, great business, between the two nations here. Just in Washington it's \$7.9 billion in goods. That's agriculture, chemicals, energy equipment, etc. Who doesn't want this? We've done innovation. There's Harbour Air. I'm sure you have had an opportunity to fly on Harbour Air. The Flying Beaver is a great pub out there, too.

The Chair: Colleagues, I would normally have to intervene to ask that the crosstalk stop for our interpreters, but the goods news for everybody is that we're at 6:30 p.m.

We've had a good conversation here. This concludes the third of three studies. As I mentioned a few moments ago, I am going to tack 30 minutes onto Thursday's meeting—we may not need all of it—to just do some forecasting. We need to give the analysts a bit of direction specifically related to this, particularly with those two constituency weeks coming up.

Colleagues, I am going to adjourn the meeting.

The meeting is adjourned. Thank you.

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