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# Special Committee on the Economic Relationship between Canada and the United States

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Chair: Mr. Raj Saini





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• (1535)

[English]

**The Chair (Mr. Raj Saini (Kitchener Centre, Lib.)):** Welcome, members, to the third meeting of the Special Committee on the Economic Relationship between Canada and the United States.

Pursuant to the motion adopted by the House on February 16, 2021, the special committee is meeting to discuss the economic relationship between Canada and the United States. Given the time-lines adopted in the House motion, the focus today will be on Line 5.

To ensure an orderly meeting, I would encourage all participants to mute their microphones when they are not speaking, and address all comments to the chair.

Interpretation is available through the globe icon at the bottom of your screen. Please note that screen captures or photographs are not permitted.

I would now like to welcome our witnesses from Natural Resources Canada: The Honourable Seamus O'Regan, Minister of Natural Resources; Jean-François Tremblay, deputy minister; Glenn Hargrove, assistant deputy minister, strategic petroleum policy and investment office; Mollie Johnson, assistant deputy minister, low carbon energy sector; Jeff Labonté, assistant deputy minister, lands and minerals sector and Beth MacNeil, assistant deputy minister, Canadian forest service.

Minister, welcome. It's a pleasure to have you at the committee today, and we're looking forward to your remarks. I know you're here for only one hour, and we will continue with your officials when you leave after one hour.

Minister, the floor is yours.

[Translation]

**Hon. Seamus O'Regan (Minister of Natural Resources):** Thank you, Mr. Chair.

[English]

It's a pleasure to be joining you all at this committee from the island of Newfoundland, which is the ancestral homeland of the Mi'kmaq and Beothuk peoples, and one of Canada's oil-producing provinces.

[Translation]

The Canada-U.S. relationship is like no other. The strength of it has withstood challenges and turbulence, particularly over the past four years.

[English]

Make no mistake, though, the U.S. needs Canada. President Biden has emphasized rebuilding and strengthening our bilateral relationship, focusing on our common mission of net-zero carbon emissions by 2050; building a low-emissions energy future that leaves no energy worker and no energy-producing region behind.

It's why the first meeting with a foreign leader was with our Prime Minister, and why we had a high-level summit.

I attended that meeting. My colleagues and our counterparts agreed to follow a road map for renewal, designed to strengthen this relationship; to rebuild our economies while leaving no one behind; and to lead the world in addressing the climate crisis.

Our energy and natural resource sectors are central to that road map. There are no two other countries with such highly integrated energy sectors as ours, with 70 pipelines and nearly three dozen transmission lines crossing the border. There is over \$100 billion in energy trade every year and over two million barrels of oil per day. The United States is our single-largest customer.

Now, let me be very clear. We're very disappointed with the President's decision to revoke Keystone XL's permit. We are very unhappy with the decision and we've told the Americans that directly and clearly. The U.S. will still need Canadian heavy crude, and that does not change with President Biden's decision.

Four years ago, in Houston, the Prime Minister said, "Nothing is more essential to the U.S. economy than access to a secure, reliable source of energy. Canada is that source." It was true then and it remains true today, which brings me to Enbridge's Line 5.

It is a critical energy and economic link. It is vital to Canada's energy security, and to America's. Thousands of jobs, on both sides of the border, depend on it. Thousands of homes, on both sides of the border, depend on it for heating.

We take threats to our energy security very seriously. We raised Line 5 directly with the President and members of his cabinet during our meetings last week. I can assure members of this committee that we are looking at all our options. A shutdown of Line 5 would have profound consequences in Canada and in the United States.

Yesterday, I met with my counterpart, Secretary Granholm, who, I might add, has a link to Newfoundland. In fact, her mother grew up just down the street. I raised Line 5 with her. I raised it as a matter of energy security. I raised it to her as a former governor of Michigan. She understands how critical Line 5 is to that state and to the United States.

[Translation]

I understand Ambassador Hillman will be speaking to this committee later today. Let me take this opportunity to thank her, Detroit Consul General Joe Comartin, the team at the Canadian embassy in Washington, and all our diplomats who defend Canada's interests every day in Washington, Detroit and Lansing.

[English]

There are challenges in this bilateral relationship, involving such things as softwood lumber. Duties imposed are unwarranted; they are unfair; they hurt our workers and they hurt our industry on both sides of the border. We raised that with the President last week.

I believe the windshield is larger than the rear-view mirror because there is more alignment in this relationship now than there ever has been before, not only in terms of the goals of the Government of Canada but also in terms of the goals of the governments of Alberta and Saskatchewan too.

[Translation]

There are opportunities to make this relationship even stronger, and it's a relationship that is bigger than one project or one piece of energy infrastructure.

[English]

Yesterday, with Secretary Granholm, we spoke at length about some of the opportunities that we have to deepen our collaboration and advance transformational technologies like critical minerals and carbon capture. The U.S. wants to work with us on critical minerals because we have 13 of the 35 minerals that they deem essential, and we want to ensure resilient supply chains that prevent Chinese dominance. They want to work closely with us on CCUS, speaking with a unified voice and seeing it as an opportunity to have oil and gas workers lead decarbonization efforts.

The road map for a renewed U.S.-Canada partnership presents us with a plan to protect our highly integrated energy infrastructure like Line 5 and to maintain the security and resiliency of supply chains, like Canadian crude heading southbound.

• (1540)

[Translation]

It is a plan to renew and strengthen existing bilateral agreements on critical minerals and to advance nature-based climate solutions, to harmonize standards and regulations, to increase competitiveness, and to provide an even playing field for our companies.

[English]

It's about people. It's about workers and ensuring that no worker is left behind, and ensuring that no energy-producing region or province like mine is left behind. We will need the ingenuity, determination and hard work of our energy workers in our energy-producing provinces to build our low-emissions energy future.

Mr. Chair, as I said at the outset, this is the single most important bilateral relationship for Canada. We've got to get this relationship right, and I should say that we got it right with an unpredictable president over the past four years. We will get it right and make it even stronger with a predictable one for the next four, to the benefit of workers in Alberta, Saskatchewan, Newfoundland and Labrador and right across Canada.

[Translation]

I'm joined here today by my officials: Jean-Francois Tremblay, deputy minister; Mollie Johnson, assistant deputy minister, low carbon energy sector; Glenn Hargrove, assistant deputy minister, strategic petroleum policy and investment office; Jeff Labonté, assistant deputy minister, lands and minerals sector; and Beth MacNeil, assistant deputy minister, Canadian forest service.

We welcome your questions.

[English]

**The Chair:** Thank you, Minister, for your opening comments.

We will now go straight to questions. The first questioner will be Mr. Strahl, for six minutes, please.

**Mr. Mark Strahl (Chilliwack—Hope, CPC):** Thank you, Mr. Chair.

Thank you, Mr. Minister, for agreeing to participate here today.

I wanted to start with how we talk about how we're getting the relationship right. The irritants have continued here, and I'd say they're more than irritants when they affect tens of thousands of jobs. We have Keystone XL, Line 5, softwood lumber, buy American and vaccine distribution, to name a few. There are obviously a number of challenges that remain, regardless of the change of administration in Washington.

I wanted to talk first about Keystone. I have a statement here from Canada's Building Trades Unions, who say they "are dismayed by the decision made by the Biden Administration to rescind the permit for Keystone XL—a project creating more than 15,000 high-paying union jobs across Canada and the United States".

We've heard from organized labour unions on both sides of the border that are extremely disappointed in this decision, and I think they were extremely disappointed, as we were, to hear the Prime Minister this weekend on *Meet the Press* on Sunday. When he was asked by the host, "Does this mean you're done asking for...are you going to stop advocating for it here?" and "Do you feel as if the Keystone pipeline is now dead?", the Prime Minister replied, "I think it's fairly clear that the U.S. administration has made its decision on that, and we're much more interested in ensuring that we're moving forward in ways that are good for both of our countries."

I think he made it fairly clear that he's done fighting for Keystone. Given that the decision was made based on the U.S. position on Keystone XL, the Prime Minister essentially said that fight is over.

There's now a decision that has been made by the Governor of Michigan, who is extremely close to President Biden, was considered for being his running mate and was a key cog in the wheel in the electoral college to ensure that President Biden is the president. She is very close to him. Why would the nearly 30,000 workers in Samia, southern Ontario and Quebec who are affected by this have any confidence that your government would fight for Line 5 jobs when Keystone XL jobs were written off as being a decision that the U.S. administration had made and were no longer worth fighting for?

• (1545)

**Hon. Seamus O'Regan:** With regard to Keystone XL, from the moment the President was elected, our governments, the governments of Alberta and Canada, started working hand-in-glove together. I, Alberta's envoy in Washington, James Rajotte, and Minister Sonya Savage, the Minister of Energy for the Government of Alberta, started meeting at least once a week, sometimes more than that, in order to make sure we had our ground game right.

We knew the President had made a significant campaign promise, and I think most members of this committee can understand that when you make a major campaign promise, it has weight. Certainly, it seemed to for the President. However, we fought the battle because we believed in Keystone. We believed, as the Prime Minister had said to the Premier of Alberta, that the Keystone XL project of 2015 and the Keystone XL project of 2020-21 are very different.

I was very proud to advocate for Keystone XL. TC Energy had done everything right, to my mind. It had an operational net-zero pipeline that was using renewables at their pumping stations, wind and solar. It was working with unions on both sides of the border, working with native Americans and working with first nations on our side of the border. It had ticked all the boxes. We found out on the morning of the inauguration that the President would be rescinding the permit on the day of his inauguration. I found out very early here in Newfoundland, and I had to inform my colleagues, the ministers of energy of Alberta and Saskatchewan, of the fact. Those

weren't easy conversations, because we had put a lot of work into it.

I also raised that exact point, in almost exactly the same way I worded it to this committee, to Secretary Granholm yesterday when she and I met. Her first international call was to me, in keeping with what the President's cabinet has been doing, reaching out to Canadian counterparts. I also made it clear that Line 5 was seen in that same light.

As I said in my opening remarks, there is a tremendous amount that is aligned, not only between the Government of Canada and the Biden administration but also, I believe—and I've said this to Ministers Eyre and Savage—with provincial governments as well. We need to work together—

**Mr. Mark Strahl:** Sorry, Mr. Chair, but I just want to make sure.... I do have limited time here, so I appreciate that—

**The Chair:** You have 50 seconds left.

**Mr. Mark Strahl:** It sounds an awful lot as though the plan to advocate for Line 5 is a carbon copy of the plan to advocate for Keystone XL. We know, according to the Prime Minister, that he's been advocating for that project with President Biden. If you're doing the same thing to advocate for the jobs impacted by Line 5, why are you expecting a result that will be different from what you got with Keystone XL?

**Hon. Seamus O'Regan:** These are very different. Saying that is not to diminish the fact, Mr. Strahl, that 1,000 people received pink slips on the day of the President's inauguration, on the day he rescinded that licence. We are fighting for Line 5 on every front, and we are confident in that fight. It is an operational pipeline that not only employs people in Ontario and Alberta and Quebec, but also provides energy security to those provinces and to U.S. states as well.

We are fighting that on a diplomatic front, and we are preparing to invoke whatever measures we need to in order to make sure that Line 5 remains operational. The operation of Line 5 is non-negotiable.

**The Chair:** Thank you, Mr. Strahl.

We'll go now to Mr. Housefather for six minutes.

Go ahead, please.

**Mr. Anthony Housefather (Mount Royal, Lib.):** Thank you very much.

Minister, it's great to see you here before the committee. Thank you for coming, and congratulations on improving your French.

I have a couple of opening comments following those by Mr. Strahl.

Did President Biden commit, during the campaign, that he would end Keystone XL?

**Hon. Seamus O'Regan:** He did, in May.

**Mr. Anthony Housefather:** Did President Biden commit, during the campaign, that he would end Line 5?

**Hon. Seamus O'Regan:** No, he did not to my knowledge.

**Mr. Anthony Housefather:** I see a big difference there already.

I have some questions on Line 5, but before that I'd just like to ask you something else. You were the first foreign cabinet minister to meet with the newly confirmed Secretary Granholm. We have a lot in common with the new Biden administration on climate change. Could you talk to me a little bit about whether or not you discussed climate change with former Governor Granholm, and whether or not you see some ways we can work together with the United States to achieve our Paris objectives?

• (1550)

**Hon. Seamus O'Regan:** Indeed, we had some small talk at the beginning because her mother is from St. John's, was born on Newtown Road, which is down the road, and is a parishioner at a church just at the end of my street. Those are good things. I think I put it to her that if you're half Newfoundlander, it means you're a very practical person.

We had a good first meeting, I would say. I wish it had happened earlier, because we're all eager to get to work, but of course, she was confirmed by the U.S. Senate only last week. As I said, I raised Line 5 and I raised Keystone and I expressed our disappointment with that decision. I expressed our serious concerns about threats to our energy security. But this relationship is much bigger than just those two issues, with the 70 pipelines that criss-cross the border as well as the three dozen transmission lines.

Secretary Granholm brings a lot of enthusiasm to the file. I believe we will work very well together to the benefit of workers and to the benefit of our natural resource sectors.

There is significant alignment, as I said, not only with the goals of the Government of Canada but also with the goals of the governments of Alberta and Saskatchewan on things like critical minerals and on CCUS. I had a conversation yesterday morning with Minister Savage and Minister Nally of the Government of Alberta to discuss CCUS and my raising of that with Secretary Granholm and how important that is to North America.

I more or less paraphrased things I noticed Secretary Granholm saying long before she was a nominee—that there's a threefold mission: to have net-zero emissions by 2050, lowering emissions wherever and whenever we can; to have an economy that continues to grow and prosper, which is pivotal; and to have no one left behind, no energy-producing region, like mine, and no energy workers left behind. That's what we're working on for the benefit of workers on both sides of the border.

**Mr. Anthony Housefather:** That's excellent.

Now let me ask you a couple of questions about Line 5, if I may. Being a lawyer, I have to ask a little bit about our legal position, because I think our legal position helps us understand our diplomatic position and how strong we can be in negotiations.

Does the Government of Canada believe that, given bilateral agreements or international treaties with the United States, the attempt by Michigan to remove the easement on Line 5 is a violation of either those international treaties or domestic agreements with the United States that we have signed?

**Hon. Seamus O'Regan:** I'm going to be very careful about what I say here in order not to give away our legal strategy here, with great respect. Suffice it to say that one of the most important things we learned from NAFTA 2.0, CUSMA, is that you have to be careful about negotiating in public. I think that what you heard from the assistant deputy minister from Global Affairs is absolutely true. We are looking at every option. We are working with a whole-of-government approach, as we hear all too frequently, but I can tell you in this instance that is not an exaggeration. We are working closely with Global Affairs and Justice to make sure that we are well equipped in every instance.

This is a dispute, if you look at it in the most literal sense, between proponents, between the operator Enbridge and a state. That being said, there's a lot at stake for our provinces and our nation, and therefore the federal government is watching this like a hawk. I will say that we are watching on an almost minute-by-minute basis and we will be absolutely prepared and ready to intervene at exactly the right moment.

**The Chair:** Mr. Housefather, you have 45 seconds. Please make it short.

**Mr. Anthony Housefather:** I will. I think I will finish by saying, Minister O'Regan, that I very much appreciate that. I think, though, that while it's clear you don't want to negotiate in public, the legal position of the Government of Canada is core to this committee's understanding of our strategy on Line 5, and whether it has to be in camera in a private session or in a public session, I would like to see the legal adviser to the Government of Canada come before this committee and explain the legal position of Canada to the committee.

Thank you very much.

**The Chair:** Thank you, Mr. Housefather.

• (1555)

[*Translation*]

Mr. Savard-Tremblay, you have the floor for six minutes.

**Mr. Simon-Pierre Savard-Tremblay (Saint-Hyacinthe—Bagot, BQ):** Thank you, Mr. Chair.

I want to greet all my colleagues, and I thank our witnesses for being here.

First of all, I would like to ask a question about Line 5.

Has an impact study been done on job losses in each province?

[*English*]

**Hon. Seamus O'Regan:** A formal impact study... I'm not entirely sure of that, to be blunt with you, but we know very well how many jobs are at stake. We know very well its impact on energy security. We know how vital it is, for instance, in Sarnia, to the workers there and to the local economy: 5,000 direct jobs and 23,000 indirect jobs in Sarnia.

It's the source of 53% of Ontario's crude and 66% of Quebec's via Line 9. We're talking about four refineries that are supplied by Line 5 in Ontario and two in Quebec—in Montreal and in Lévis.

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** Do you think Suncor and Valero would be unable to obtain their supplies from other sources?

[English]

**Hon. Seamus O'Regan:** It's a hypothetical, and one that I'm very confident won't arise, but it is worth exploring that, just so we all understand what's at stake. People aren't going to go cold. It just means that the energy, those molecules, are going to have to be transported by rail, by truck or by marine transportation. But they will have to get to source, because people will not be kept cold, that's for sure.

I draw attention to the editorial that was written last week in The Detroit News and seemed to be singularly directed to Governor Whitmer. It said that one of the reasons why Michiganders remained warm when in so many other bordering states people went cold, particularly farther down south in Texas, was because of Line 5.

Line 5 supplies 65% of the propane needs of Michigan's upper peninsula, 55% of the statewide propane needs and 28% of the feedstock for production for jet fuel at the Detroit airport. This is significant for them and for refineries in Michigan, in Ohio, in Pennsylvania—all dependent on that line for their continued operations. Two refineries in Toledo, Ohio, are at risk of shutting down if Line 5 shuts down. You're talking thousands of direct and contracted skilled trade jobs at risk and \$5.4 billion in annual economic output.

A shutdown of Line 5 would cause an over 14 million gallons a day supply shortage in the region. Michigan alone would face an over 750,000 gallons a day propane shortage. That's significant.

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** That said, it is known, for example, that the pipeline is protected by the 1977 transit pipelines agreement between the United States and Canada. Correct me if I am wrong.

How do you rate the real chances of this line being shut down?

On the face of it, it seems very unlikely.

[English]

**Hon. Seamus O'Regan:** I am heartened by the fact that there was just a court decision rendered in Michigan that said to the state and to Enbridge that they have a month to find a mediator. That means the process is moving. It is ongoing. I would rather see this resolved yesterday, but I take that as a very hopeful sign that the court is very interested in the parties coming to an agreement of their own accord.

That is our preferred option: that this be done quickly and that it be done by the principals involved, which, again, are Enbridge and the State of Michigan. We're just preparing for any other outcome.

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** If I understood your presentation today correctly, there hasn't really been a study on potential job losses. Nor is it known if there are other sources of supply, although in the case of Quebec, it is thought that there are others

and that Suncor and Valero would be able to find others. In addition, there is likely an agreement that makes a shut down highly unlikely. I confess that I am looking for the potential disaster.

I understand that this line is useful, although Michigan's arguments are not entirely without merit. We are obviously sensitive to the risks to waterways, and it is entirely legitimate to take this seriously.

Having said that, I must confess that I do not see how there is any danger in the specific case of Quebec, at this time.

• (1600)

[English]

**Hon. Seamus O'Regan:** Let me be very clear with the honourable member. While I'm not aware of a formal strategy, or a formal impact, that has been done—I'm just being very clear with you—since this most recent development with the State of Michigan, we have a very good handle on what the impact would be, because we know how important Line 5 is now, so we know what the lack of Line 5 would be.

That's why, first and foremost, the most important plan for us is to prevent that shutdown. That's what we're working on every day. It's a full-court press at the political and diplomatic levels. This is an existing and operating pipeline. It does not represent an increase in production. It delivers a much-needed product for the United States, and it has done so for 65 years. It's integral to their energy security, just as it is to ours.

Let me be very clear. The U.S. needs the product. They rely on it. Michigan relies on it to heat its homes. Sixty-five per cent of its propane needs are in the upper peninsula and 55% statewide—from Line 5. It's a lifeline for refineries in Toledo, Ohio, and also for the petrochemical industry in Quebec, for the two refineries that are directed by Line 5 and Line 9, which are in Lévis, just outside Montreal. It's also a lifeline, as I said, for refineries in Ohio and at least two in Toledo. Ohio's would have to close in the event of a shutdown, due to insufficient supply.

This is a product that will still head southbound, but without Line 5, that means it will be on rail, on truck and on ship, all of which are less reliable. With regard to oil by rail and the tragedy of Lac-Mégantic in 2013, it's far less safe.

[Translation]

**The Chair:** Thank you, Mr. Savard-Tremblay.

[English]

Mr. Blaikie, you have six minutes, please.

**Mr. Daniel Blaikie (Elmwood—Transcona, NDP):** Thank you very much.

I think one of the important distinctions for New Democrats between the debate around Line 5 and debates that have been had and are ongoing around the Trans Ex pipeline and Keystone XL is that, first of all, Line 5 is an existing piece of infrastructure. It's not a new build, and it doesn't depend on increasing production per day and the rate of extraction in order to bring economic benefit to Canada.

The other piece, of course, is that Line 5 supports value-added jobs, so that it's not just a question of rip-and-ship or taking raw natural resources and shipping them somewhere else for the value-added work to be done.

Those are important things.

You mentioned in your opening statement how proud you are of the work you did advocating for Keystone XL, which is one of those projects that depends upon an increased rate of extraction in order to be viable.

I'm wondering if you, as the Minister of Natural Resources who is playing an important role in Canada's energy strategy, could share with the committee what Canada's current greenhouse gas emissions are and what they have to be in order for Canada to meet its commitments under the Paris accord by 2030.

**Hon. Seamus O'Regan:** First of all, I'm very glad the honourable member talked about the distinction that exists and what makes Line 5 very different, in that it is operational. In fact, with Secretary Granholm, it is something that I brought up with her. There is broad support along the political spectrum for this project, and I think that is something that she took to heart.

I understand where the honourable member is going, because to some people it does appear contradictory that we would be I think the most ambitious government in Canada's history on combatting climate change, yet I am very proud of the oil and gas industry and very proud of the people who work in it.

I've discussed this with several people, but I was discussing this with the Alberta building trades just this morning, and these are the people we will need in order to lower emissions. These are the people who managed to find a way to extract oil from sand and make us the fourth-biggest producer of oil and gas in the world. That takes an awful lot of ingenuity, determination and hard work.

I can tell you that I am probably living in one of the few provinces that is increasing flights. One flight was just added, I believe, between Deer Lake and Toronto. That is for all the workers who travel every single day and every week from my province to Alberta and Saskatchewan to do their shifts and to do their work in the oil and gas industry in those two provinces, as well as the oil and gas industry here.

Retaining those workers, keeping those workers, is absolutely my top priority, because they are the ones who will lower emissions and they are the ones who are going to revolutionize the energy sector in this country. They are ones who are going to help us lead the world, and they are the ones who are going to help us to lower emissions and to achieve our Paris targets.

• (1605)

**Mr. Daniel Blaikie:** I certainly agree with you, as a construction electrician myself and a proud member of the IBEW, that tradespeople are going to be the ones who help transition us to a lower carbon economy, but we're also going to need a government that is bearing in mind what our current emissions are and what our goals are.

Can you share with the committee what Canada's current greenhouse gas emissions are and where we need to be by 2030 in order to meet our Paris commitments?

**Hon. Seamus O'Regan:** It is going to be ambitious. First of all, we are heartened by the fact that the emissions intensity of the oil patch continues to decrease. We are heartened, I think, by the fact that the marketplace is moving significantly. This is something we saw at the beginning of last year pre-pandemic, when you had BlackRock, the biggest private asset manager in the world, divesting itself from the oil patch. That was a clear warning sign. Frankly, investors around the world are going to be investing in areas primarily in jurisdictions that take combatting climate change seriously, so we have to lower those emissions.

It's why carbon capture and sequestration is a strategy that I was discussing just yesterday with Minister Savage and Minister Nally in the Government of Alberta and is something that I continued with Secretary Granholm. I think that getting carbon capture and sequestration right is absolutely essential, not only for lowering emissions in the oil patch, frankly, but also for what I believe to be a burgeoning hydrogen industry in this country.

**Mr. Daniel Blaikie:** Of course, the Paris accord doesn't talk about emissions intensity. It talks about "emissions".

**Hon. Seamus O'Regan:** That's very true.

**Mr. Daniel Blaikie:** Can you share with the committee what our current emissions are and what they need to be by 2030 in order for us to meet our obligations under the Paris accord?

I think Canadians who are concerned about climate change are concerned to know whether the person responsible for the government's planning for the energy sector has these issues foremost on his mind, whether there are actually targets that you're bearing in mind when you're talking about planning projects, and when you're going to be talking about presumably some kind of continental energy strategy with the United States, which I think is implicit in some of the remarks you made today at committee.

**Hon. Seamus O'Regan:** Well, it's implicit. It's also, I think, very good news for our companies, too, in order to make sure they have a level playing field in which to operate.

For the past four years, and even preceding that—

**Mr. Daniel Blaikie:** By how much do we need to reduce our emissions by 2030? I only have a few seconds left here, Mr. Minister. By how much do we have to reduce our emissions by 2030, and what are you doing to put Canada on a track to get there?



**Hon. Seamus O'Regan:** You're quite right to say that there's a big difference between the intensity of emissions and overall emissions. Lowering those overall emissions, again, to emphasize the fact that what we're talking about here is net zero.... That's why carbon capture and sequestration is vitally important. There will still be emissions that come from the oil patch and from other sectors of our economy, so we have to make sure that we look after those and that we sequester emissions where we can.

It's an emerging technology, but it is going to be absolutely fundamental to our climate plan. Again, our climate plan, which is the most ambitious we have ever seen, is one that was just announced in December. It requires all of our departments to work together, with the leadership of the Prime Minister, and work very closely with the provinces, which is something that I've worked very hard to do.

**The Chair:** Thank you, Mr. Blaikie.

We will now start round two.

Mr. Hoback, you have five minutes.

**Mr. Randy Hoback (Prince Albert, CPC):** Thank you, Chair.

Thank you, Minister, for being with us here this afternoon.

Minister, Line 5 is definitely of huge concern for me, coming from Saskatchewan, and it's nice to see that you're taking it seriously.

I have to say that Keystone is also something that's very dear to our hearts here in Saskatchewan. Our premier is very upset that we weren't more aggressive and more involved in defending Keystone. As for what we're doing now, it seems like we're doing nothing, yet we have a lot of allies in the U.S. who would like to see Keystone proceed.

Are you putting any efforts into working with those allies to see if we can revive and change the decision on Keystone?

**Hon. Seamus O'Regan:** I have another meeting coming up with a former colleague of yours, of course, James Rajotte, to find out exactly what the lay of the land is on a whole host of energy issues. Line 5 is absolutely top of mind.

As I said, Mr. Hoback, James, Minister Savage and I work very closely together. That's not to say.... I am greatly disappointed and personally disappointed in the Keystone XL decision made by the President. All of us put a lot of effort into it, as I said, particularly because of the changes that TC Energy had made.

Oil will be transported to the U.S. Oil will be transported in this country. Making sure that it is done safely and as responsibly as we can possibly do it is very important. I have not seen a pipeline that met the mark more than the Keystone XL project of 2020.

**Mr. Randy Hoback:** So can—

**Hon. Seamus O'Regan:** There are certain lessons to be learned there, for sure. Line 5, for a whole host of reasons, is a different beast.

I'm sorry. Go ahead.

• (1610)

**Mr. Randy Hoback:** Yes, it's the time; I'd like to talk to you for 30 minutes, if I could.

You made a comment about how improved our oil and gas sector is and how much more we're regulated and responsible with the environment. I think you'd agree with me on those comments. As you talk about the road map with the U.S., are you seeing the U.S. then changing their regulations on, for example, flaring? Will they match Canadian regulations on things like that? Will they match the processes that Canadian companies have to go through to build things like pipelines? Will that be consistent in the U.S. now as it is in Canada?

We know what happened here in Canada with our process. All we did was drive cash and investment into the U.S. Do you see that playing field levelling off? How do you see it levelling off?

**Hon. Seamus O'Regan:** They're intent on meeting their Paris targets and lowering emissions, and they're intent—

**Mr. Randy Hoback:** Yes, but that's different. It comes back to the North American continent. I'm talking about creating a competitive platform for investment—

**Hon. Seamus O'Regan:** I understand your point, and that's the point I'm trying to make. The road to net zero goes right through oil and gas. The road to net zero goes right through oil- and gas-producing provinces like mine. There's no question about it.

Yes, they have to deal with these things. One would think, I'm sure—I'm not going to presume, but one would think—that they are going to go in exactly the same direction we are. I think it would just increase investment and interest in continuing to lower those emissions if these are comparable standards. I mean, that is exactly where we want to get.

**Mr. Randy Hoback:** So then if we see the standards are consistent and we see the cost here in North America go up because of these new standards, are we going to do something to make sure other countries around the world would come up to those standards? What does that look like? I know there's been talk about a border adjustment type of tax on pollution. Do you see us doing that in harmonization with the U.S.? If that's the case, what does that mean for Ontario, Quebec and eastern Canada, which bring in so much oil outside of Canada?

**Hon. Seamus O'Regan:** Mr. Hoback, I know that Minister Ng will be appearing in front of you. I'd probably best leave those questions to her to answer. But we are heading in the same direction. There is a tremendous amount of opportunity. A lot of our companies have had, I think it's fair to say, a very difficult time as we've increased our standards in order to make them more competitive for a day that we knew would come. The rest of the world is increasing their standards in order to lower emissions. Now that the Americans are on board, I think you're going to see a big switch in the market.

The market is drawn towards stability and security and certainty. Where we can provide those things, I think by working together with the Americans, that's what we want to do. We want to draw more investment into lowering emissions. We'll need private capital in order to be able to do that. In other areas where we may be able to generate energy without necessarily increasing emissions, like in renewables, which I know is a particular passion of Secretary Granholm, that requires investment. You want to create investor certainty.

**Mr. Randy Hoback:** Okay. Now, in the—

**The Chair:** Mr. Hoback, thank you. Time's up.

**Mr. Randy Hoback:** I tried to squeeze in the half-hour.

**The Chair:** The next question goes to Mrs. Romanado.

You have five minutes, please.

**Mrs. Sherry Romanado (Longueuil—Charles-LeMoine, Lib.):** Thank you very much, Mr. Chair.

Welcome, Minister. It's a pleasure to see you again.

I just have to say that I agree that the Canada-U.S. relationship is like no other. Of course, I'd be remiss if I didn't highlight the people of Gander and how they hosted thousands of stranded passengers after 9/11. I think that clearly demonstrates that relationship. I have to bring that up, of course.

I want to follow up on some of my colleagues' questions. There was an article in *La Presse*, back on February 13, titled

[*Translation*]

“The pipeline that Quebec forgot.”

• (1615)

[*English*]

They talk a lot about Line 5. It's almost as if Quebecers don't realize the importance of Line 5...and that in 2015 the reversal with Line 9B to get crude to Quebec refineries. In the article, the journalist mentions that in the event Line 5 were to close down:

[*Translation*]

“And if it is decommissioned, Quebec will resume purchasing its supplies from abroad.”

[*English*]

He also goes on to say the following:

[*Translation*]

“In Montreal, Suncor should reactivate the old oil pipeline from Maine. Trucks and trains could do the rest of the work.”

[*English*]

You alluded a little bit to this—the impact of the closure of Line 5. Is it possible that we will end up having to import oil from other countries rather than getting it from Alberta and Saskatchewan because of that closure? We want to rely on our own oil and gas industry. Is it also possible that we will have a lot more oil and gas being transported by rail? You mentioned Lac-Mégantic, which is still very much in Quebec's footprint, in our minds and our hearts.

Could you perhaps elaborate on whether it is, in fact, a possibility that the closure of Line 5 will have a major impact not only in terms of the safety of transport of oil but also in terms of where we get our oil?

**Hon. Seamus O'Regan:** There are contingency plans that are created, but it is very important for me to say that I am very confident in the continued operation of Line 5. The continued operation of Line 5 is non-negotiable.

If you look at what the impact could be were it not operational, which is why the stakes are high, I would make the argument that product would get to market, but it is how it would get to market.... It would be by truck, with a jammed-up Highway 401. It would be by rail and possibly by ship as well. It would get to market. It would not be anywhere nearly as safe as Line 5 has proven to be over many decades. That has stood the test of time.

It's also important to mention, too, that Enbridge is looking at significant investments of around \$100 million in order to make sure that, at the Straits of Mackinac, the pipeline is deeper beneath the lake-bed and is encased in concrete, to make sure that nothing happens in the Great Lakes.

It has been proven over the course of time by the U.S. Government's transportation department. It has an agency that looks after these things—hazardous materials and shipments. It has rendered it safe. Everybody has rendered it safe, and the permitting for the improvement to Line 5 continues. That permitting is by the State of Michigan.

I am very hopeful...more than that. I shouldn't say “hopeful”. Hope has nothing to do with it. I am confident that the state and Enbridge are going to come to an agreement. I feel even more confident with the recent court decision to make sure that they have a mediator and that the mediator is chosen within the month.

**The Chair:** Ms. Romanado, you have 20 seconds.

**Mrs. Sherry Romanado:** Very quickly, I know that you won't negotiate in public and I don't expect you to, but I know that you've been having those conversations with your counterpart, as you've mentioned, the secretary of state for energy.

I'm looking at the time, and unfortunately you're not going to be able to answer, but please continue having those talks. We hope you're very successful in mitigating this.

**The Chair:** Thank you, Ms. Romanado.

[*Translation*]

Mr. Savard-Tremblay, you have two and a half minutes.

**Mr. Simon-Pierre Savard-Tremblay:** Thank you, Mr. Chair.

Mr. O'Regan told us that he would speak quickly with Joe Biden's energy representative, as soon as she was in place, to urge her to support maintaining Enbridge's Line 5. I would like to know if that has been done. If so, what was the approach? If not, what will it be?

What is the government's strategy for Michigan representatives?

[*English*]

**Hon. Seamus O'Regan:** Yes, I did. I spoke with her yesterday morning in the first international call she made, which is in keeping with what all of the President's cabinet ministers have been doing, and which is a refreshing change.

I should mention that I had a very good relationship with her predecessor, Dan Brouillette, through some fairly turbulent times last year. I checked just a few moments ago, and Brent oil is sitting at \$66 right now, and Western Canadian Select is at \$52. It was at negative \$35 this time 11 months ago. Through some troublesome times last year, turbulent times for our energy sectors, he was a very steady hand at the wheel and had a clear understanding of how integrated our markets are.

To Secretary Granholm's credit, as the governor of Michigan, she also had a very clear eye on how integrated our markets are, and not just in energy, pipelines, hydro power, propane and Line 5. I should also mention that she was a very steady hand at the wheel during the recession of 2008-09, which, you will recall, hit our automotive sectors on both sides of the border quite dramatically. She was the governor of Michigan at the time and is keenly aware of how many times an auto part crosses our border—and a car, as it's built—and of the importance of making sure that we get our border strategy correct. It is within that frame of mind that she views Line 5, and therefore I am very confident that she wants a constructive relationship.

• (1620)

**The Chair:** Monsieur Tremblay, you have 30 seconds.

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** If I understand correctly, the dialogue is now well under way.

We know that the citizens of Michigan have a very real environmental concern. Do you think the governor's fears are completely unfounded?

[*English*]

**Hon. Seamus O'Regan:** No, I do not. This is a safe pipeline. It has always been a safe pipeline. The owner is taking further measures to make sure that it has continued safe operation. It has served hundreds of thousands of people very well—millions of people, I should say—not only in Canada but also in the United States.

**The Chair:** Thank you, Monsieur Savard-Tremblay.

Mr. Blaikie, you have two and a half minutes.

Go ahead, please.

**Mr. Daniel Blaikie:** Thank you very much.

Canada's refining capacity has decreased drastically over the last 20 or 30 years. It seems to me, at a time when we need to be looking at reducing our carbon emissions, that rather than emphasizing the rip-and-ship model, we should be looking at how we create more employment and more value out of the oil and gas we do extract.

Keystone XL is not a model for that. The Trans Mountain pipeline expansion is not a model for that. What is your government's strategy for ensuring that more of the value-added work in the oil and gas industry happens in Canada rather than continuing the trend of taking more out of the ground and sending it elsewhere to be refined and upgraded?

**Hon. Seamus O'Regan:** There are two very important things that came out of last year. One is our clean fuels strategy. It is very interesting—our refineries within Canada are going to have to retool in order to meet that standard, and the Americans are already on it. There are American refiners that are already retooling their processes in order to produce products that meet the new Canadian clean fuels standard.

That's the thing about the Americans: They can—

**Mr. Daniel Blaikie:** So how does that create more jobs in Canada? How does that create more value-added jobs in the oil and gas sector in Canada?

**Hon. Seamus O'Regan:** Well, watch this space, because I think we're very keen to make sure we provide domestic supply within our own country as we meet the new clean fuels standard.

The other point I was going to make was on hydrogen.

**Mr. Daniel Blaikie:** We know that you've invested in the rip-and-ship model by buying the Trans Ex pipeline and committing to expanding it. What investments have you made in value-added work in Canada?

**Hon. Seamus O'Regan:** We have \$1.5 billion dedicated towards clean fuels and hydrogen.

**Mr. Daniel Blaikie:** Does that mean having new refining and upgrading capacity in Canada?

**Hon. Seamus O'Regan:** Well, it could very well, yes. That's exactly what we're looking at for hydrogen.

**Mr. Daniel Blaikie:** It could, but you don't know. There's no plan on the books for that.

**Hon. Seamus O'Regan:** We have a hydrogen strategy that we announced only three months ago.

**Mr. Daniel Blaikie:** Could you name a project for refining oil and gas that we take out of the ground here in Canada by doing the upgrading work here in Canada?

**Hon. Seamus O'Regan:** I have great faith that if you set the parameters and if you provide investors certainty, then the marketplace will come to bear. We are seeing that happen right now globally, as the market now looks to lower emissions.

**Mr. Daniel Blaikie:** Can you name a project for increased value-added work right here in Canada today?

**Hon. Seamus O'Regan:** I am looking forward to investors pointing the way and pointing to where their investments should go.

**Mr. Daniel Blaikie:** You don't have a plan yourself, then, and you're not aware of any projects.

**Hon. Seamus O'Regan:** It's a capitalist country, Mr. Blaikie. We drive investment. We provide the parameters and the certainty in order to drive investment. It will be the marketplace that makes sure this is a sustainable change to a lower emission future.

**Mr. Daniel Blaikie:** Well, that doesn't sound like a government with a plan for value-added jobs in Canada.

**Hon. Seamus O'Regan:** That is absolutely incorrect.

**The Chair:** Thank you, Mr. Blaikie.

We'll go now to five minutes for Mr. Hoback.

• (1625)

**Mr. Randy Hoback:** Well, thank you, Chair. I get another five minutes. I appreciate that. I'm going to continue along the same lines.

Mr. O'Regan, you talked about our sector, the oil and gas sector in Canada, and how it's the best in the world in regard to its imprint on the environment. If you truly believed that, wouldn't you want to displace oil from other countries? Wouldn't you want to help get our oil and gas into the marketplace versus having gas coming from countries that are very harmful to the environment? If so, what are you doing to make sure that happens?

**Hon. Seamus O'Regan:** Well, I think it's the same answer here, Mr. Hoback. It's incumbent upon the government to set the right standards in order to provide an environment for investor certainty. Then the marketplace will work its way. These are—

**Mr. Randy Hoback:** I think the market's been very clear to this government that what you've set for standards and for certainty is unworkable. If you look at the investment in our sector over the last four years under the Liberal government, you'll see that the money's all gone south. It's all gone into the U.S. It's gone to other areas, because the reality is that they could never find certainty or bankability going through the process you put in place for them to proceed with a project.

What do you see changing to improve that? If the U.S. is going to go down the same path we've had over the last four years, that means Texas won't be developing anything either. What does that mean for North America? Does that mean we're going to allow cheap oil from other countries with no environmental regulations at all into Canada and North America? What are we going to do for supply?

**Hon. Seamus O'Regan:** I think that's utterly incorrect. I think in what we have managed to do over the last few years, we've seen a

marked increase in investment. If you look at LNG Canada, which is the single biggest private sector investment in this country—

**Mr. Randy Hoback:** You've got one project to talk about about, but when you look at the oil and gas sector in Alberta, it's gone.

**Hon. Seamus O'Regan:** We have NGTL, NOVA Gas 2021, which we approved. There are thousands of jobs being created through that. Not only that, but through the current process we were able to work with first nations to make sure that the consultations were extended. We worked with the Government of Alberta. NGTL 2021 is being built. It was approved.

**Mr. Randy Hoback:** But, Minister, that—

**Hon. Seamus O'Regan:** There's the Line 3 pipeline, which we permitted in 2016. We approved it—

**Mr. Randy Hoback:** Those [*Inaudible—Editor*]

**Hon. Seamus O'Regan:** —and 7,000 jobs were created. With all due respect, these are projects that never seem to get mentioned when I get questions in the House of Commons.

**Mr. Randy Hoback:** With all due respect, I think you have to take a bite of reality and take responsibility—

**Hon. Seamus O'Regan:** These are being built. These are very important projects that employ thousands of people in this country.

**Mr. Randy Hoback:** —for chasing away millions if not billions of dollars in investment out of western Canada, and loss of jobs.

You say you don't want to leave anybody behind? I don't either. But you have left thousands of Canadians here in Alberta and Saskatchewan behind. You've basically shrugged your shoulders and said fine. But now you see all of a sudden there's a possibility of huge job losses—

**Hon. Seamus O'Regan:** That is utterly false.

**Mr. Randy Hoback:** —in Ontario and Quebec, and huge risks for eastern Canada.

**Hon. Seamus O'Regan:** Utterly false.

**The Chair:** Gentlemen—

**Mr. Randy Hoback:** I agree, but you know the point has to be made.

**The Chair:** Gentlemen, you can't talk over each other, because the interpreters are not able to follow. One at a time, please.

**Mr. Randy Hoback:** I agree.

The point has to be made—I'm not going to be BS'd here—that the reality is that we've seen what's happened here in Saskatchewan and Alberta with the choices of this government. It's been very clear. It's been clear in the marketplace with just the flow of capital out of western Canada. Yet now he says the U.S. is our best friend and they're actually going to follow us...?

Well, I don't believe that. Either of two things are going to happen. Either they're going to get more expensive, which means we're going to drive more foreign oil into Canada and the U.S., or they're not going to follow us and we're going to have to lower our standards and our regulations to follow them; or we're going to continue to see Alberta's and Saskatchewan's oil and gas sector decline and decline and decline.

Which is it? It's a very simple place in the marketplace. What are you going to do to make sure it's a level playing field? Are you going to bring the U.S. regulations up? Are you going to make sure there's a process in place to keep that un-environmentally friendly oil out of North America? What are you going to do?

**Hon. Seamus O'Regan:** I can't answer that question without taking umbrage with what you said earlier about we're not doing anything. TMX—

**Mr. Randy Hoback:** Then come out west, my friend. Come out west.

**Hon. Seamus O'Regan:** Please don't over-talk.

**The Chair:** One at a time, please.

**Hon. Seamus O'Regan:** It's hard on the translators.

TMX: We approved it. We bought it. We're building it, with 7,000 jobs created. Line 3 pipeline: We approved it, with 7,000 jobs created. NGTL 2021: We approved it. We permitted it. Thousands of jobs will be created there. LNG Canada: We're building it, with thousands of jobs there. Orphan and inactive wells during this pandemic: \$1.7 billion for energy workers in this country, in B.C., Alberta, Saskatchewan and as well here in Newfoundland and Labrador. That's \$1.7 billion, with \$400 million for my province here. The wage subsidies helped out more than 500,000 workers keep their jobs, in a pandemic, in Alberta alone.

That's a record I'll stand by and that's a record we'll build on.

**Mr. Randy Hoback:** You know what? There's a record that you have and there's the potential that we lost. The opportunity cost that you put in place here, the number of jobs lost under your government, has been phenomenal. What you've done to the economy in western Canada has been untouchable. It's done so much harm to our country nationally.

Now you say that you've done a good job. Well, what did you have to do? You had to buy a pipeline in order to see it finished, because you created such an environment that the private sector would never invest in it to see it through. They didn't have confidence in your process to say they were going to risk the money there. Now we see that happening with Keystone.

So, you know, you—

• (1630)

**The Chair:** Mr. Hoback, you're running out of time. I want to give the minister a short time to answer the question.

**Mr. Randy Hoback:** I'm sure you do.

**Hon. Seamus O'Regan:** I can't do anything about the price of oil. I can do quite a bit with everything else that I am given. I know a couple of things. I will take no advice from a member who sat in the government who thought that saying that our biggest competitor

and ally was brain-dead if they didn't go along with what we thought.... That strategy obviously didn't work.

**Mr. Randy Hoback:** You know, Minister, that doesn't—

**Hon. Seamus O'Regan:** [*Inaudible—Editor*] doesn't work. I am concentrating on the workers and I am concentrating on lower emissions.

**The Chair:** The round is over—

**Mr. Randy Hoback:** It's totally not professional to insult the Premier of Alberta, totally not professional.

**The Chair:** The round is over. We've gone over time.

I want to give the last question to Ms. Bendayan.

**Ms. Rachel Bendayan (Outremont, Lib.):** Thank you very much, Mr. Chair.

Thank you, Minister, for appearing today. Obviously, as you can see, as we discuss the Canada-U.S. relationship, we have around the table here a lot of very passionate folks.

**Hon. Seamus O'Regan:** And me too.

**Ms. Rachel Bendayan:** I would like to take it back to last week and to the important bilateral the President had with our Prime Minister. It seems to me that there are enormous opportunities going forward, whether, as you say, it's with respect to hydrogen or minerals, as you mentioned in your opening statement. I wonder if you can identify some of the things that make you hopeful about our future relationship with the United States, some of the opportunities that would be presented to our small and medium-sized businesses here in Canada, and how you think we can move forward from here.

**Hon. Seamus O'Regan:** I think there's a tremendous amount of growth we could see in clean growth, clean energy, for instance in looking at smart grids, and in looking at energy efficiency. We're investing over a billion dollars in energy efficiency alone, and I am a big believer in it.

I grew up in Labrador in a town called Happy Valley-Goose Bay, and it was isolated at the time. When the federal government announced big programs, they never seemed to affect my community. What I love about, for instance, retrofits, which is something my counterpart in the United States is looking at as well, is that they affect where you live; they affect where you work. In other words, the jobs are created in your community. The International Energy Agency, whose meetings I now attend fairly regularly, has identified energy efficiency and home retrofits, for instance, and commercial retrofits, as being the world's hidden fuel. Those could get us anywhere from 30% to 40% towards our Paris targets. These are small things, but done en masse across this country, they can help us meet those targets.

We're willing to look at anything, really, that seems like a good idea to help us lower emissions and protect our workers. We've put \$9.4 million towards tidal energy in Nova Scotia. We're putting money towards geothermal energy in Alberta. We have \$15-million worth of solar farms in Alberta. We're building solar farms in Prince Edward Island. In the throne speech, we committed to working on the Atlantic Loop, which in effect would get the Maritimes off coal.

All of these things will help us lower emissions. All of these things will create jobs.

**Ms. Rachel Bendayan:** Thank you, Minister.

I'd like to pick up on an earlier conversation about the market economy and the fact that we do want to lower emissions. I am very concerned about the environment. I can't help but think that, given that the demand is still there, should there be a problem and Line 5 not be operational, as you mentioned, we would be moving crude by truck and by rail. In addition to some of the dangers and security issues that are involved with transporting crude in that way, would there not also be increased emissions were we to move by rail and by truck rather than through the pipeline?

**Hon. Seamus O'Regan:** Absolutely there would be, which is yet another argument in our arsenal. I say that just to emphasize the point that we are looking at absolutely every single thing we could be doing in order to make sure that Line 5 is maintained, that it continues operation. It is integral to the energy security of our country. It is also integral to Alberta for jobs, but also, especially to Ontario and Quebec, it is essential that we get this right. We are determined that we will.

Supply chains may adjust themselves, but they have their limits, and frankly the best way to get this product from point A to point B, to make sure that homes are heated, is through a pipeline.

**The Chair:** Ms. Bendayan, you have 45 seconds.

• (1635)

**Ms. Rachel Bendayan:** Thank you, Chair.

I would just mention that at the last meeting we discussed the importance of a team Canada type of approach, a lobby effort in which we were all involved, in which we were all on the same page. Minister, given that you will be leading much of this charge, I wonder if there's any message to opposition parties, to premiers, to Canadians listening as to how we can all be working together in order to ensure that we get this right and that we get this done.

**Hon. Seamus O'Regan:** We need to work together. It's too essential. It is essential not only for our country's energy security but also to the binational relationship that we have with the United States. Canada is expected to lead on lowering emissions, and that is a challenge, no question. We are the fourth-biggest producers of oil and gas in the world. We are also the largest democracy with the greatest bounty of natural resources in the world, so the way we do it must be transparent, as the world is watching us. They don't have much time, nor do most Canadians, on matters of such importance with people fighting all the time.

I've made it a top priority of mine to make sure that I work with our provincial ministers, but particularly with those provincial ministers of energy-producing provinces. It will bear and it has been

bearing fruit. Things are getting built in this country. We will lower emissions, and we will create jobs.

**The Chair:** Thank you, Mr. O'Regan, Minister, very much for taking the time out of what I know is a busy schedule, especially with the new administration.

**Hon. Seamus O'Regan:** This is very important.

**The Chair:** On behalf of all my colleagues, I want to thank you for answering our questions and responding to our concerns. We look forward to carrying on the conversation.

Now we will move to the officials. Thank you again, Mr. O'Regan, on behalf of the committee.

**Hon. Seamus O'Regan:** Thank you.

**The Chair:** For the officials, the first question goes to the Conservatives, but I don't have a name. Whoever wants to take the question has six minutes.

**Ms. Leona Alleslev (Aurora—Oak Ridges—Richmond Hill, CPC):** That would be me, Mr. Chair.

Thank you very much.

I would like to start by exploring where and what the Americans have said and acted on to date.

They have been very clear in the messaging to us around self-sufficiency and the repatriation of jobs, be that from the national security tariffs we saw on steel and aluminum to the tax reforms that incentivized American companies, to repatriating jobs to the U.S., to signaling that they want to modernize trade rules so that taxpayer dollars can spur domestic investment to climate change, where, obviously, we've seen the cancellation of Keystone XL, and now the controversy over the situation with Line 5.

The message is serious. The opposition to Line 5—and to decommission it, not just to suspend the underwater portion—has been increasing since 2015, and now we have a looming deadline of May 2021, which is just around the corner.

What possible outcome and what probability do we have of being able to turn this around before May?

**Mr. Jean-François Tremblay (Deputy Minister, Department of Natural Resources):** As the minister said, we're quite confident that we will be able, of course, to turn and to go beyond May. The recent decision of the judge in asking for a mediator between the parties is actually very good news. As the minister said, we also are exploring all the other possibilities to make sure that the continuation of the pipeline is not at risk. That's for sure.

**Ms. Leona Alleslev:** Unfortunately, there have been, with Enbridge, over 33 spills on Line 5 of 1.1 million gallons. Line 6B, which is also in the Kalamazoo River in Michigan, has experienced a significant spill of one million gallons. This is fuelling the influence in the U.S.

The understanding I have is that the U.S. is saying "it doesn't really affect us", that it's oil from out west in Canada that's going out east in Canada, so there's much more of a downside for them, the Americans, to continue—that's what I'm hearing from them—than there is an upside.

I wonder if you could counter that. Why is it more in the best interests of the U.S. to keep Line 5 going underwater than it is to cancel that and go through with what the Michigan governor has said?

• (1640)

**Mr. Jean-François Tremblay:** If you'll allow me, I will turn to Glenn, who is the ADM in charge of this issue.

Before I turn to him, I just want to remind people that there are 70 pipelines crossing the border, and there are 30 transmission lines. Our systems are totally integrated. Energy goes from south to north and north to south. It's beneficial for both countries. It's the way it has been. It's the way it is. It's also the same thing for Line 5. You have some of that energy, as was mentioned, that is going to Quebec and Ontario—

**Ms. Leona Alleslev:** But I'm hearing that in fact that's not how it's being viewed. This particular—

**Mr. Jean-François Tremblay:** You're right. There are always proponents who are presenting things differently—

**Ms. Leona Alleslev:** So—

**Mr. Jean-François Tremblay:** —but I would just.... If you'll allow me, I'll ask Glenn to provide you some numbers on what exactly Line 5 provides and brings to the economy of the United States and, of course, to the people of the United States.

**Ms. Leona Alleslev:** If I can—I'm short on time—I just wanted to ask, what is Canada's plan B? What is the government looking at for a plan B? We're looking at over 2,100 truckloads a day if this were to arrive, and it could arrive as soon as May 2021. What is Canada's plan B?

**Mr. Jean-François Tremblay:** Our plan A is to make sure that the pipeline is going to continue to operate. We're not working on scenarios where it's not going to happen. We have discussions with provinces on a regular basis on what the impacts are, how that works, who is impacted by the pipeline and what exactly the benefits of the pipeline are for them. We are doing all our work at all levels with our friends in the U.S.—

**Ms. Leona Alleslev:** We certainly hope that you're right.

I would like to talk quickly, though, about critical minerals if I could. I know the United States has already a federal strategy to ensure secure and reliable supply of critical minerals. I know that the European Union has an EU raw materials strategy whereby they are looking at being independent, from a critical mineral perspective, as do Japan and Australia.

Could you share with us where Canada's critical mineral list is and where Canada's strategy for self-sufficiency is in this area?

**Mr. Jean-François Tremblay:** Jeff, maybe you want to answer this question.

**Mr. Jeff Labonté (Assistant Deputy Minister, Lands and Minerals Sector, Department of Natural Resources):** Thank you, and thank you for the opportunity to perhaps address this question.

Our strategy on working on critical minerals has been under way for a number of years. You mentioned the EU, for example, and the United States. We have a working group with the United States that has been in place for well over a year in which we're working on five specific areas. It includes industry engagement, joint research and development, defence supply chains, improving information on resource potential, and mapping and collaborating in multilateral fora.

All of that work has been under way. We are working on it. We have worked with the United States to continue that. Last week the Prime Minister and President Biden continued that by reinforcing that we're going to focus on battery—

**Ms. Leona Alleslev:** Do we have a list of minerals that we consider—

**The Chair:** Ms. Alleslev, your time is up. I'm sorry.

**Ms. Leona Alleslev:** Thank you.

**The Chair:** Next is Mrs. Romanado, for six minutes, please.

**Mrs. Sherry Romanado:** Thank you very much, Mr. Chair.

I want to give an opportunity for the ADM to talk a little bit about the impact of the closure of Line 5 on the United States, because he didn't have a chance to jump in there. I thought maybe it would be helpful if we could highlight some of the impact. As my colleague was mentioning, it sounds very one-sided. This is all Canadian oil going to Canada, but there is a lot riding on this in terms of the United States.

If you would like to elaborate a little bit, I will have another question after that.

**Mr. Glenn Hargrove (Assistant Deputy Minister, Strategic Petroleum Policy and Investment Office, Department of Natural Resources):** Thank you. I would be very happy to.

I think it is really important that we use this opportunity to really underline the impacts on the U.S., because it really isn't that all the risk is being taken on by the U.S. and all the benefits will go to Canada. That's not the situation at all. Americans face a lot of risk with the potential shutdown of this pipeline.

Michigan has the highest propane consumption in the U.S. The feedstocks from Line 5 that are refined in Ontario produce 65% of the propane for Michigan's upper peninsula and 55% of Michigan's state-wide propane needs. We have seen recently the potential impacts on those supplies to Michiganders.

Line 5 also supplies essential feedstock for the production of jet fuel for the Detroit airport. It feeds refineries in Michigan, Ohio, and Pennsylvania, which are dependent on the line for their operations. For example, there are two refineries in Toledo, Ohio, that would be at risk in the event of a Line 5 shutdown. We're talking about billions of dollars in annual economic output.

From an environmental perspective—this was raised—it would require approximately 2,100 tanker trucks per day leaving Superior and heading east across Michigan, and roughly 800 railcars traveling on Michigan's rails to support the light oil and natural gas liquids that Line 5 moves each day.

So this is not a Canada-versus-U.S. issue; Americans would really benefit from the line's continued operation.

• (1645)

**Mrs. Sherry Romanado:** Thank you very much.

We heard on Tuesday and again today that we have a lot of tools in our tool box in terms of bringing Line 5 and the arguments on both sides to a successful closure. We heard that, obviously, we prefer a diplomatic solution, that we have been engaging with our counterparts, that this is an all-hands-on-deck situation. We heard that there has been a mediator requested for sometime in the next month.

Can we also talk a little bit about whether it would be possible for us to use the 1977 transit pipeline treaty if necessary? Can you explain a little bit to the committee what it would look like if we were to go that route?

**Mr. Jean-François Tremblay:** We're looking at all the tools we have in the tool kit. It's true.

I think the best solution remains an agreement between Enbridge and the state. One thing that is interesting is that we never heard the governor saying that she doesn't want the pipeline. She wants a pipeline with a tunnel, and Enbridge wants to build a tunnel. The issue is when the tunnel is going to be in place versus when all this is going to be fixed. I think there's maybe a timing issue or a sequencing issue, but there should be at some point an agreement on this.

On the treaty, I know, as was said, that you met with people from GAC. International treaties are really under the responsibilities of GAC, so I will be very careful. I'm not a lawyer, as opposed to

some of you, so I would not go too far in terms of interpreting what the treaty of 1977 said. As you know, the treaty was signed in the context of a potential pipeline from the north. It hasn't been built, but this treaty actually has some measures that are supposed to guarantee the transit of pipelines that are going to Canada from the U.S., as well as from the U.S. to Canada.

We are looking at the treaty, of course, like we're looking at all the other tools we have. To be honest, the question will be, which one do we need to use?

**Mrs. Sherry Romanado:** Thank you.

My last question is on whether it's possible to speak a bit about some of the opportunities we have with respect to electric vehicles, *le circuit*....

I'm sorry. I'm going back and forth in my French and English.

This was something that was discussed in the conversation with the President last week in terms of the importance of a continental grid. Could you talk a bit about that?

**Mr. Jean-François Tremblay:** It's important that we have the same standards in the way the car industry is developing the electric vehicles. It's important so that we can charge our vehicles on both sides of the border, that we have the capacity to do that. It is also important, in an economy that is so integrated on the auto sector side, that we also have a supply chain for the critical minerals that are needed in the batteries, one that is safe, secure and actually beneficial for us.

There are a lot of elements that are very important on both sides of the border and that reinforce the need for the U.S. and us to work together to make sure that in North America we develop standards and a way of working on EVs, as well as a supply chain that will of course support our car industry. Mollie Johnson is the ADM on this. If she wants to add anything, I would be more than pleased.

**The Chair:** I'm sorry. We're out of time. We can save that comment for next time.

**Mrs. Sherry Romanado:** Thank you.

**The Chair:** Next up is Monsieur Savard-Tremblay.

[*Translation*]

You have the floor for six minutes.

**Mr. Simon-Pierre Savard-Tremblay:** Thank you, Mr. Chair.

I'm going to put the same questions to the senior officials that I asked the minister earlier, hoping this time to get an answer.

What is your estimate of the potential job losses in Quebec should Line 5 be shut down, which is highly unlikely, based on a number of indicators?



• (1650)

**Mr. Jean-François Tremblay:** I think the threat should nevertheless be taken seriously. When the governor of a U.S. state says she wants to shut down a pipeline, you have to take it seriously. We also find ourselves with three cases before the courts. So it's serious.

It's very difficult to assess job losses because the supply chain has flexibility, as you and others have pointed out. So certainly some people are going to try to catch up, either by train, by ship or by other means. At the same time, the supply chain has its limits and it's not necessarily safer than an oil pipeline, as was mentioned earlier.

The case of Line 5 should not be seen as a simple matter of jobs. It is a question of energy security. These are families and businesses that could be deprived of energy. As was mentioned, propane is used extensively for heating in Michigan. Not having access to heating in the winter is pretty serious.

To get back to a comment that was made, in the United States, this issue is often presented as just an economic argument that benefits Canada and does not really benefit the United States. In fact, it's more a question of energy supply for a North American population.

**Mr. Simon-Pierre Savard-Tremblay:** Thank you. It's already clearer than what we heard earlier.

If I understand correctly, one of the reasons why the pipeline should be favoured over the train or the waterway—we know that Quebec has access to the river, which shows that this possibility exists—is the safety aspect. That's what you're talking about in comparison.

In this case, should the different deregulations of oil transport by train and ship be perceived as errors made along the way?

**Mr. Jean-François Tremblay:** As a former deputy minister of transport, I can say that all modes of transportation must be safe, and they are. All measures must be taken to ensure that they are.

That said, let's be honest, a pipeline is much more efficient. It doesn't emit greenhouse gases and it doesn't clog up traffic. And it doesn't cause delays for other consumer goods transported by train. Farmers use the train to transport their exports, and other sectors also use the train.

Automobiles or metal cannot be transported by pipeline, but gas and oil can. This is very efficient. Logic dictates that the oil pipeline is the safest, but above all the most efficient way.

**Mr. Simon-Pierre Savard-Tremblay:** In Quebec, farmers use propane, but we don't heat with propane.

**Mr. Jean-François Tremblay:** It is little used, except in small residences in the forest—I experienced this in my youth. You're right that propane is not widely used in Quebec or Canada, but it is used. It should not be neglected.

In Michigan, it is used much more than in some other states.

**Mr. Simon-Pierre Savard-Tremblay:** In terms of job losses, both Enbridge's and Valero's estimates were 600 jobs.

Can you confirm these figures?

**Mr. Jean-François Tremblay:** It is not up to me to confirm or deny their numbers.

[*English*]

Unless, Glenn, you have some analysis behind this....?

These seem to be quite low numbers.

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** Yes, they do seem to be low.

Earlier, the minister spoke of thousands of jobs. So I am surprised by the contrast between the two estimates.

**Mr. Jean-François Tremblay:** As the minister said, the pipeline generates and feeds an economy with well over 1,000 employees. Tens of thousands of people work at the Detroit and Toronto airports. So this is certainly very important.

• (1655)

**Mr. Simon-Pierre Savard-Tremblay:** Based on your experience as a former deputy minister of transport, you were able to say that the modes of transportation were safe. However, there has been deregulation and an increase in the amount of oil being transported.

Earlier, the minister gave the example of Mégantic to say that the railroad should not be used to transport oil. Do you have the same fear?

**Mr. Jean-François Tremblay:** We must ensure that all modes of transportation are safe. The horrible and unfortunate Mégantic tragedy should never have happened. We must ensure that all modes of transportation are safe.

What I can say is that, generally speaking, everyone prefers a pipeline to a train to transport oil.

**The Chair:** Thank you, Mr. Savard-Tremblay.

[*English*]

For the next six minutes, we have Mr. Blaikie, please.

**Mr. Daniel Blaikie:** Thank you very much.

Often in the discussion around America's buy America policy we think of things like buses, for instance, or construction, in terms of bidding on public contracts. I'm wondering if you've done an analysis of the ways in which the new buy America proposals might affect Canada's natural resource industry, and if you could share with the committee what the expected impacts are.

**Mr. Jean-François Tremblay:** I don't have such an analysis. I think it's too early for us to have all the details around this.

I will remind people that even in the context of softwood lumber, for example, our exportations are very high these days, despite, as you know, the duties from the U.S.

On our relationship with the U.S., we were talking about energy, and our exportations over there in energy goods are probably above \$92 billion per year. We're quite successful at getting our product into the U.S. most of the time, in large part. We have irritants with them on buy America and other issues, but we find solutions, too, when we have a predictable partner. I think that's the way we need to approach that relationship. It's not going to change from administration to administration. The U.S. will always have those views of buy America, and some Canadians also have those views.

I think what we need to demonstrate to our partners is that we both benefit from the integration. It's not that jobs produced in Canada are lost in the U.S. It's that jobs produced on both sides actually create more jobs on both sides. That's the way it has been working with the auto sector, for example, and that's the way it works on energy.

**Mr. Daniel Blaikie:** Am I hearing correctly that there's no sense of urgency in the Department of Natural Resources around these buy America policies, or concern that they'll affect the export of any primary-industry products into the United States?

**Mr. Jean-François Tremblay:** Everything has urgency, so, yes, there is urgency to establish a relationship with the U.S., with the new stable administration. That's why it was so important for the ministers to have the first call with the secretary, and that's what happened. It was important for the two leaders to meet early on and that's what they did.

The United States of America has also demonstrated its interest in working with us and in establishing a structural relationship and a positive relationship.

Yes, it's urgent for us to sit down with them and demonstrate how they benefit as much as we do from the integration of our markets.

**Mr. Daniel Blaikie:** When I worked in the government here in Manitoba, I worked with a gentleman who had a saying that if everything is urgent, nothing is urgent. I think that's some pertinent advice for you.

**Mr. Jean-François Tremblay:** I wish he were right.

**Mr. Daniel Blaikie:** What I'm hearing is that there is no quantifiable concern about the potential impact of buy America on the Canadian natural resource industry. Is that fair?

**Mr. Jean-François Tremblay:** I don't have numbers today to present to you or to share with you; that's true.

**Mr. Daniel Blaikie:** Thank you very much for that.

I guess this is more of a philosophical question. I was kind of taken aback by the minister's pivot, if you will, to the fact that Canada is a capitalist country and that it therefore wouldn't engage in any kind of industrial planning.

You must look at what other countries do with respect to their natural resources.

I also sit on the trade committee. We've heard about how other countries have industrial plans for various natural resources sectors

despite being capitalist countries. Do you think there's an inherent conflict between being a capitalist country and doing industrial planning?

• (1700)

**Mr. Jean-François Tremblay:** I think we need to find the right incentive for the market to actually play the role that we expect it will play. If you look at the climate change plan, it's basically what we're trying to do. When you look at the clean fuels, when you're thinking about CCUS in the U.S. and here, you're thinking about how to create the incentive. As well, as government you can use a mix of carrot and stick for the market to adjust, for the market to go in the direction that the future is demanding.

That's not necessarily industrial planning in the old Russian way of doing things, if I may say, but it is—

**Mr. Daniel Blaikie:** Yes, although nobody was talking about that at committee today. We're just talking about government having a plan for an industry.

One example of an industry for which we don't have a plan, and which I wouldn't expect you to speak to because it's not a natural resource industry, is the airline industry.

For instance, Canada stands apart from our western allies in not having any kind of meaningful strategy for the airline industry, whether we're talking about aerospace manufacturing or passenger air travel. There are no stated objectives. There is no clear policy for how to support the industry. We have a government that, I think, mistakenly thinks that just because it believes in the market, it is discharged of any duty to do any meaningful planning or having a meaningful policy approach to certain industries—and I don't think Canadians are well served by that.

**Mr. Jean-François Tremblay:** If I can respond first, on our side, as you have noticed, we have a hydrogen strategy that just was released, which is in some ways a plan for how we will actually capitalize on the potential of hydrogen for the future. We have an action plan for SMR that was also launched in December.

As one of my colleagues mentioned, we are working on a critical minerals plan with provinces. We have been on this for a little while, so actually we do work on plans.

We also work with industry on where we should go, how we can help and how we work together on those issues.

**Mr. Daniel Blaikie:** I take it that the minister was mistaken then to appeal to capitalism to absolve himself of responsibility for doing any planning.

Thank you very much.

I think that's the end of my time.

**The Chair:** Yes, Mr. Blaikie. Thank you very much. You are right on time.

The next five minutes goes to Mr. Strahl.

**Mr. Mark Strahl:** Thank you very much.

As we look at the Canada-U.S. relationship in relation to natural resources, I think we have to look at the last four years, certainly, due to policy shifts, I would think, from both sides of the border. There was a massive expansion of oil and gas exploration in the United States, to the point where they quickly became a net exporter of oil and gas for the first time. They were no longer as reliant on foreign oil and gas as a result of expansion, specifically in the Permian basin. At the same time, Canada saw a contraction of our energy sector.

Given the new direction of President Biden's administration and a number of signals that he sent, do we anticipate that there will be a contraction in the U.S. oil and gas exploration market that may be beneficial to Canadian oil and gas producers, if they are no longer producing as much? He's talked about a ban on fracking and that sort of thing. Are there opportunities for Canada to be selling our oil and gas into the States more, based on what we're seeing in the early days out of the Biden administration?

**Mr. Jean-François Tremblay:** I think so. I think you're right that there's been a significant.... People forget to mention sometimes how big it is. Even 10 or 20 years ago we were talking about the fact that there was not enough oil and gas. Suddenly, we end up in a surplus world where everybody is producing oil and gas. That's a very big shift. Recently, we had a price war between some countries, which affected us tremendously.

When you look at the numbers now, we are actually exporting significantly to the U.S. We were at 3.9 million barrels per day before the pandemic. We were at 3.7 million, I think, in November, so we're basically back to where we were.

Line 3, of course, would increase the capacity to transport oil to the U.S. TMX will do that too. We are a reliable partner for the U.S. If we keep going in terms of decarbonizing our industry, if we keep going with best practices in terms of governance and social acceptance, and if we continue to be a partner like that, there will be a market for us in the U.S. and there will be a market for us in the rest of the world.

In all scenarios of the net-zero economy, a significant portion of oil and gas remains for the next 20 to 30 years. There's no reason why Canada will not be the supplier for this market.

• (1705)

**Mr. Mark Strahl:** Okay.

I want to go back to a comment you made in response to my colleague Ms. Alleslev, when you said that there is no plan B. I'm hopeful that this might just be confidence that we can succeed in maintaining Line 5 and the tens of thousands of jobs that are attached to it. I remember when there was a significant disruption of propane to Quebec and parts of Ontario through a rail blockade. It quickly became a crisis. There was rationing of propane in certain parts of the country.

Perhaps you can expand on this a little further. Yes, we all want to win this debate. I would say that probably there was similarly no plan B for Keystone XL, and now that's cancelled. I would hope

that there is a plan B, that government is actively working to see how we would keep those critical supplies of oil and the products that are created from it, and that we aren't simply hoping that the courts go our way or we can negotiate a settlement or this really isn't about Line 5 but rather about political drama and political intrigue in Michigan.

I just have to say that I hope there is more planning going on behind the scenes. We all want Line 5 to continue to operate, but we sure expect there to be contingency plans in place. I'm hoping you can share a little bit more about what those are.

**The Chair:** I'm sorry, Mr. Strahl. You're out of time unless Monsieur Tremblay can answer in 15 or 20 seconds.

**Mr. Jean-François Tremblay:** In 15 or 20 seconds, I will say that we of course have internal collaboration with our different departments—like we did at the time of the barricades—on how we work together in any circumstances. We also have, as I mentioned, regular discussions with provinces, and we also talk to the industry, for sure.

**The Chair:** Thank you very much.

Mr. Sarai, for five minutes, please.

**Mr. Randeep Sarai (Surrey Centre, Lib.):** Thank you, Chair.

Thank you to all the officials who are guiding us.

Mr. Tremblay, I want to thank you for your frankness. Sometimes we get officials who are not as frank and as open as you are. I applaud that.

I want to stay more focused on Line 5. I'm more concerned.... I think that perhaps the issue is being made much bigger. If we can stay focused on it, we would be able to better deal with it. The real issue is the short part of the line that goes under a strait. There is an application by the owner of the line to bore a tunnel, encase it in concrete and then have the pipeline go through it, to protect it. It's not the entire line that is at risk.

What are your conversations like with officials in Michigan, as well as the officials federally in the U.S., your counterparts there? How is their optimism for working on a solution for that or perhaps accelerating permits to have that short length built so that we can resolve this issue?

**Mr. Jean-François Tremblay:** I would turn to Glenn, who has been in touch on a regular basis, especially with Enbridge, to maybe give us a sense of the current discussions that are happening at the state level.

**Mr. Glenn Hargrove:** Thank you, Deputy.

Thank you, Mr. Sarai. It's nice to see you again.

I would maybe deflect a bit, given that the advocacy efforts are led by Global Affairs and those officials have spoken, and we know the ambassador will be speaking with you as well.

Maybe I could speak to the tunnel issue, if that's okay. Certainly, you're right, Mr. Sarai. It is that segment of 4.5 miles in the strait that's at issue. I'd just like to underline that Enbridge is working toward the tunnel, which would move that segment of the pipeline underneath the strait, the riverbed, and that's about a four-year process. They're working on the permitting. That permitting would go until about the end of this year or so, and then, of course, it's a fairly involved construction process, so that's about a three-year process.

Certainly, we're looking for a solution that would allow for the continued safe operation of the pipeline in the interim, and we support the plan for the tunnel going forward.

• (1710)

**Mr. Randeep Sarai:** With regard to your conversations with the executives at Enbridge who are working on that, what is their optimism like, or what is their feeling on getting this resolved, getting a solution and also having an interim solution in terms of monitoring that length of the pipe? I understand that there are divers that regularly check it, and there are other means by which they check it regularly, but what are they doing and how have their dialogue and their correspondence been?

**Mr. Glenn Hargrove:** They're very interested, of course, in having a negotiated solution. As the minister and I think the deputy mentioned, the court has directed for mediation between the state and Enbridge. I would also say that Enbridge has indicated publicly that it disagrees with the state's order for a shutdown and does not believe that the state actually has the authority to do so. I'm not a lawyer. I won't comment on that, but that is Enbridge's public position on it.

**Mr. Randeep Sarai:** Mr. Tremblay, we heard from our minister that we have contingency plans in the event that we'd have to, whether we train it or truck it or ship it. That's for our needs, but has Michigan hinted at or stated anything about how they would manage their energy needs if they shut down Line 5?

**Mr. Jean-François Tremblay:** It's the supply chain itself that finds its way. The way it works as you have seen—and Mr. Strahl referred to the barricades, for example, in the past and what happened at the time when the rails were struck. The train used different rails to ride to the station.

**Mr. Randeep Sarai:** But I'm sure the governor—

**Mr. Jean-François Tremblay:** It's the same thing. I cannot speak for them. I don't know what they have done in terms of contingency plans. I don't know how far they have been on this. I know they know that if there's no pipeline, there will actually be consequences, from a supply chain perspective. They have been told, and they know that. What they have done for their own sake and what they do in terms of planning, I don't have any idea, to be honest.

**The Chair:** Thank you, Mr. Sarai.

[Translation]

Mr. Savard-Tremblay, you have two and a half minutes.

**Mr. Simon-Pierre Savard-Tremblay:** Thank you.

We are currently discussing the oil or energy trade strategy with the United States. Tell me whether I'm talking to the right person or not, since you deal with different issues.

Hydrogen is an integral part of the strategy announced last December. The document states that clean hydrogen can be produced from fossil fuels. I must admit I was very surprised when I read this. Indeed, there are many sources to make hydrogen, so we are often forced to mention that it is green hydrogen when it comes to hydrogen that is truly from clean energy sources.

Don't you think that energy, money, funding, subsidies and development or industrial plans should be more about hydrogen made from truly clean sources that we could then sell to the U.S.?

• (1715)

**Mr. Jean-François Tremblay:** Our policy in this regard is to encourage the production of cleaner fuel. I'm talking about the decarbonization of fuel. It's not black and white, and you can't say that some are good and some are not. We judge them on the basis of carbon intensity.

We're lucky in Canada because we have the ability to do that. We have so many natural resources that we can make hydrogen in a variety of ways. We can actually make hydrogen from natural gas. We can combine that with carbon sequestration, and we can achieve virtually carbon-neutral emissions. So there are opportunities both for strictly green hydrogen produced, for example, by hydroelectricity, and for hydrogen produced by other energy sources. We are not closed to that.

Some will even say that we can make hydrogen that will reduce greenhouse gases by using biomass, for example. By calculating carbon sequestration, there may have been biomass. After that, we can use carbon sequestration for the production as such.

So we are not closed to the various ways of making hydrogen. Our goal is really to promote the production of increasingly green fuels.

It is not just Canada that is taking this position, many other countries are doing the same. That doesn't stop us from talking about green hydrogen, hydrogen that isn't green, or blue hydrogen, but we have to understand that our goal is much more about how far we can go in decarbonizing the fuel.

**The Chair:** Thank you, Mr. Savard-Tremblay.

[English]

Mr. Blaikie, go ahead for two and a half minutes, please.

**Mr. Daniel Blaikie:** Thank you very much, Mr. Chair.

I don't think it's any secret that with respect to many large energy projects, often when things have gone poorly, it has been as a result of there not having been sufficient consultation with indigenous peoples.

There's an interest by indigenous peoples in the Line 5 pipeline as well. Part and parcel of having a good outcome there is consulting with indigenous communities.

What communities has the Department of Natural Resources consulted with in respect to Line 5?

**Mr. Jean-François Tremblay:** Glenn, do you want to answer this one, especially on Line 5?

**Mr. Glenn Hargrove:** Yes. I guess I would say I'm not aware of any direct engagement with indigenous communities on Line 5 to this point. I would just draw the distinction between engagement, which is very important, obviously, and the duty to consult. I think we're talking about engagement. To my knowledge there has not been direct engagement with indigenous communities on this issue to date.

**Mr. Daniel Blaikie:** Is there any plan for the department to engage with indigenous communities on this question?

**Mr. Glenn Hargrove:** I'm not aware of any plans at this point, but I think that is definitely something we should take under advisement.

**Mr. Daniel Blaikie:** It seems to me that would be something to get under way sooner rather than later.

I don't have a lot of time remaining, but I do want to know this. A new administration, of course, brings new opportunities. One long-standing issue between Canada and the U.S., as yet unresolved, is the softwood lumber issue. I'm wondering what kinds of opportunities for resolution you think may exist, and what steps the government plans to take in order to try to get fair treatment for Canadian softwood lumber at the border.

**The Chair:** Could you give us an answer in 20 seconds or less, please?

**Mr. Jean-François Tremblay:** We're always open to negotiating an agreement with the U.S., but we need to make sure it wants to do the same. As long as it does not, we will continue, of course, to win in front of any processes that are created under the existing agreements. Our hope, of course, is that as soon as possible we can sit down with the U.S. and try to find an agreement for the long term, for sure.

In the meantime, our exports of softwood lumber are going well despite this, which is quite positive.

• (1720)

**The Chair:** Thank you, Mr. Blaikie.

Now we will go to Mr. Lewis for five minutes.

Go ahead, please.

**Mr. Chris Lewis (Essex, CPC):** Thank you very much, Mr. Chair.

Thank you so much to the witnesses.

I guess the first thing I would say is that I listened very intently to Minister O'Regan. We certainly appreciate the fact that he did come to our committee today. He spoke of the 140 million gallons of crude going through Line 5 daily. Then he spoke about 2,100 trucks and 800 railcars to bring such across. He said that the road to net zero goes straight through our borders. He went on to say that the supply chains will adjust themselves.

It really concerns me. In my fantastic riding of Essex we rely very heavily on our automotive industry, on our supply chain, as the minister spoke to, and on our manufacturing and those types of things. I really found it ironic when he said that the road to net zero goes through our borders. Well, the truth of the matter is, Mr. Chair, that it does go through our borders. When we can't move people across our borders, that's equally a major issue.

It just speaks specifically to Line 5. If we don't have petroleum coming across to Canada and going back to the States and servicing...then we don't have an auto industry; we've lost the manufacturing industry; and we're not putting food on the table.

I'm a really no-nonsense kind of guy. My question, specifically, is who do we need to contact in the U.S. to get this done once and for all? Is there a specific person? Is there a specific agency? What can we do? What can this committee do to create magic to really get this resolved? Without that, we are going to be losing. We've already lost, by the way, friends, many fantastic manufacturing jobs and businesses. People don't know where to go. We can move product but we cannot move people across the border. Who do we have to get to as fast as we possibly can to get that job done?

**Mr. Jean-François Tremblay:** First of all, the minister said that Line 5 was not negotiable. I think he fully understands and appreciates the importance of the oil crossing the border.

As to your question, the committee will come out with a report, which we will make sure is delivered, which, I hope, will demonstrate the importance of the relationship with the U.S. and the importance of Line 5. In those discussions, I hope, we will reiterate how important for Canadians and also for Americans the integration of our markets and our industries is. As you mentioned, for the auto sector, it's exactly the same thing. Our two countries are bigger and better when we are integrated. If you could convey those messages, that would be, to me, quite positive.

Our friends at GAC—and I know you're going to be meeting with officials from GAC and ministers later—are the ones who actually organize the diplomatic and advocacy work in the U.S. I would invite you to ask them those questions. They would probably be more competent than I am on this one.

**Mr. Chris Lewis:** Thank you. I appreciate that.

I guess, again, I've been in such a hurry-up mode because I'm literally spending hours and hours on the phone with my local manufacturers, people who have nowhere to turn. They don't even know if their businesses will survive tomorrow. So much depends specifically on Line 5, and so much depends on manufacturing. These are Canadians. These are parents of children who don't know if they can put food on the table.

Again, it's hurry-up mode. We have to get to the end of this. We have to figure out the border problems, and it's not going to fix itself. We have to come to a conclusion, such as, there are companies that are losing hundreds of millions of dollars locally—

**The Chair:** I'm sorry, Mr. Lewis; you have 30 seconds left.

**Mr. Chris Lewis:** —hand over fist, because we can't get people across the border to see their final product, which goes right back down to petroleum, which is automotive.

I guess, instead of a question, I would just say, please take my message to heart on this front. I'm trying desperately to not only save but create jobs for Canadians.

Thank you very much for your time, Mr. Chair. I appreciate it.

• (1725)

**The Chair:** Thank you, Mr. Lewis.

The final question goes to Madame Bendayan.

[*Translation*]

**Ms. Rachel Bendayan:** Thank you very much, Mr. Chair

I would also like to thank Deputy Minister Tremblay for his excellent answers.

I would like to clarify something. My colleague just asked who we should raise this issue with. He wants to know who is the person we need to convince. Yet it seems to me that our government's strategy is to talk to representatives of all levels of government. So there is not one person who has the answer; it is a comprehensive strategy.

Can you shed some light on this strategy and how our government is approaching these discussions?

**Mr. Jean-François Tremblay:** Of course. I know that you're meeting with the ambassador, who will be in an even better position to tell you this.

We've always been effective in our relationship with the Americans, because we've always worked together. When Canada's team works together, it works well with the Americans. We don't just approach the central or state governments. We also approach the unions and lobby groups.

As we heard earlier, many Americans and many people in Michigan see this as a zero-sum game. In other words, it benefits Canadians but not Americans. It's important to set the record straight. Of course, it's good to work together. However, people who have relationships with unions, lobby groups, journalists and opinion leaders in the United States still need to send a consistent message. That's why I said that this issue must be raised with the people at Global Affairs Canada.

We'll be effective if we remain consistent and if we present the Canadian arguments properly, in order to avoid situations where the benefits of the project are completely misunderstood.

**Ms. Rachel Bendayan:** Exactly. Thank you.

People-to-people ties are becoming very important, as they were in the negotiation of the Canada-United States-Mexico Agreement.

I'll continue on the topic of electricity. As a Quebecker, I'm very proud of our hydroelectricity. I was wondering whether, from your perspective, we have new opportunities for our exports to the United States, in light of last week's discussions with President Biden and yesterday's talks with the minister's counterpart.

**Mr. Jean-François Tremblay:** Yes. Obviously, there are opportunities. Hydro-Québec is already very active, as you know, in New York, Maine and Massachusetts, I believe.

There are discussions and many possibilities for hydroelectricity, but also for all renewable energy, such as wind energy and any form of energy that can be added to the transmission line. Transmission lines are very well integrated between the United States and Canada. These are things to look at.

We're fortunate because our type of electricity produces very few greenhouse gas emissions. We can help some American states become greener. This is a great opportunity. This will also involve local challenges. People will be opposed to it, of course. However, there are processes and we must do things properly to achieve success.

**Ms. Rachel Bendayan:** I'd like to ask one last question very quickly, Mr. Chair.

Mr. Tremblay, we were talking earlier about how we're in a capitalist country with markets. As an expert in this field, can you tell us a bit about investors' money right now? It seems that the money is keeping up with the ecological movement and transition.

Is that the case? Are today's investors looking for greener opportunities?

• (1730)

**Mr. Jean-François Tremblay:** Yes. That's why I said that, in the future, there will still be demand for gas and oil, but that the demand will be stringent. People are looking for the cleanest possible oil and gas. Investors increasingly want to make sure that they're investing in companies that follow these rules. We must be leaders in this area, because it will help us ensure access to markets.

We're increasingly seeing these changes in international markets. That's why we need an American ally that shares the same environmental and energy decarbonization goals. We can carry out this transformation together with our biggest customer.

I spent some more time this week with representatives of the oil industry. Our discussions focused on these specific topics. We're talking about energy decarbonization and carbon sequestration. We're wondering how to make our oil more attractive to people by ensuring that it reflects their desired values.

**Ms. Rachel Bendayan:** Thank you, Mr. Tremblay.

**The Chair:** Thank you, Ms. Bendayan.

[English]

I appreciate the conversation.

I want to thank the officials for taking the time and answering all the questions in a fulsome and comprehensive way. I really appreciate that. Thank you very much for your time and for spending this time with us.

I will suspend for a few moments while we bring on Ambassador Hillman.

• (1730) \_\_\_\_\_ (Pause) \_\_\_\_\_

• (1730)

**The Chair:** Welcome, Ambassador Hillman. I really appreciate your taking the time and spending this time with us.

Before I introduce you, I need to do some housekeeping.

Welcome back, members. For the benefit of our new panel, I will outline the procedures. To ensure an orderly meeting, I would encourage all participants to mute their microphones when they are not speaking and to address all comments through the chair. Interpretation is available through the globe icon at the bottom of your screen. Please note that screen captures or photos are not permitted.

Thank you very much, Ambassador Hillman, for joining us today. I don't think you will remember, but I spent some time with you three years ago when I visited the embassy as a member of the foreign affairs committee. I was very impressed by the professionalism of the staff and all of the colleagues you have there, and by the way in which they conducted relations with one of our most significant partners and allies.

I want to welcome you. Thank you very much for taking the time.

I understand you have some opening comments. The floor is yours for five minutes.

**Her Excellency Kirsten Hillman (Ambassador of Canada to the United States):** Thank you very much, Mr. Chairman.

Hello, everybody. Good afternoon.

I'd just like to say that in my time in Washington, I've seen firsthand the strength of the Canada-U.S. relationship in general and our economic relationship in particular.

[Translation]

About \$2.7 billion worth of goods and services cross our shared border every day. Roughly three-quarters of Canada's exports go to the United States. Moreover, Canada is the number one customer for more than 30 American states. In fact, the United States sells more goods to Canada than it sells to China, Japan and the United Kingdom combined.

[English]

But we don't just sell to each other. We make things together, from auto parts and components that cross the border multiple time in the production of a final vehicle, to the animals that are born on one side of the border, raised on the other and travel back again for slaughter or food processing.

Also, of course, COVID has brought to light another very important example. Canada is a top supplier to the U.S. of critical PPE and PPE inputs, including for masks, gowns and ventilators, and Canada is a main market for U.S. exports of PPE and PPE inputs, including cleaning compounds and soaps, needles and syringes.

Simply put, as President Biden said last Tuesday, the U.S. has no better friend than Canada, and there's no country in the world that wants the U.S. to succeed more than Canada does. Our prosperity and also our security are fundamentally linked in an enduring way.

The breadth, depth and significance of the relationship was clear when the Prime Minister and the President met last week—virtually. It was the President's first bilateral meeting with a foreign counterpart since taking office. The leaders released a road map that outlines dozens of concrete commitments for Canada and U.S. collaboration in the coming years.

Of course, for both our countries, the top priority is to end the COVID-19 pandemic. The leaders agreed to strengthen collaboration in that regard, and they agreed to take a coordinated approach, based on science and public health, when considering when to begin easing border restrictions.

They discussed their shared vision for an economic recovery that creates good-paying and secure jobs in both countries and ensures that the benefits of economic growth are shared more widely. The pandemic has not affected everyone equally, and that's true on both sides of the border, so they also announced a joint initiative to help small and medium-sized enterprises recover, with a focus on supporting women-owned and minority/indigenous-owned businesses.

The President and the Prime Minister spoke of the importance of our deeply interconnected and mutually beneficial economic relationship. The reality is that economic recovery in Canada and in the U.S. will be faster, stronger and more enduring if we move forward together. That's why the President and the Prime Minister launched a new strategy to strengthen Canada-U.S. supply chains, and that's why they recognized the important benefits of the bilateral energy relationship and its infrastructure.

• (1735)

[*Translation*]

In terms of climate change, there are opportunities to work together internationally, but also at home, where we can align policies and approaches to create jobs, while tackling carbon emissions. To that end, the leaders agreed to create the necessary supply chains to make Canada and the United States global leaders in battery development and production.

[*English*]

Given the focus of this committee, I'm highlighting the economic elements of the road map, but the leaders also made very concrete plans to extend co-operation on continental defence, cybersecurity, cross-border crime and the Arctic. They discussed ways to align our approaches on China, including how we deal with China's coercive and unfair economic practices, national security challenges and human rights abuses. They discussed the arbitrary detention of Michael Kovrig and Michael Spavor, and the President committed to work for their release.

Canada's relationship with the U.S. is strong. It's interdependent, and it's multi-faceted. It's precisely because of this interdependence that decisions on one side of the border are often very impactful on the other, so while we work together on these many shared goals, Canada must also be vigilant in advancing our priorities and standing up for our interests clearly and strongly.

We learned from our experience in negotiating the new NAFTA that a team Canada approach is constructive and effective. Working towards the same goals and consistently presenting compelling facts to our U.S. counterparts in the administration, Congress and all levels of government has proven to be successful.

I'd like to conclude by saying that this is a very exciting time in the Canada-U.S. relationship. There are many opportunities for Canada in the years ahead in working with the Biden administration, and I think we're very well placed to seize them.

[*Translation*]

Thank you. I'll be happy to answer your questions.

[*English*]

**The Chair:** Thank you, Ambassador Hillman.

We'll go to MP Lewis for the first six-minute round.

**Mr. Chris Lewis:** Thank you so very much, and thank you for your very awesome words. I was listening very intently on that front as well, so thank you for that.

You did mention a couple of things that I kind of keyed in on. You spoke first about the government being so concerned with en-

suring that small and medium-sized businesses recover, and then you also spoke about supply chains that work together. You also spoke to the fact that Canada and the U.S. have a big impact on each other.

I'll be honest with you. Down here in my riding of Essex, very near Windsor, the busiest international border, I will suggest that we're really struggling. We're struggling dearly. Canadian business owners, who have every right in the world to cross—they have their visas—are having problems coming back into our country. They have to quarantine for 14 days and they literally cannot run their businesses.

If we are indeed going to have the border open and we are indeed going to take care of both countries, including small and medium-sized businesses, have there been discussions as to how we can come up with a solution so people don't have to be afraid to cross the border and then be quarantined for 14 days?

• (1740)

**Ms. Kirsten Hillman:** Maybe I can just start by saying that for a year now I've had discussions about every two weeks, sometimes a little bit more often, with the Department of Homeland Security regarding the Canada-U.S. border. Those discussions are around our policy objectives with respect to the border and what restrictions we feel we need to put in place in order to achieve those policy objectives.

Since the outset, the joint objective that we set with the United States was to minimize and in fact stop non-essential travel but to allow essential business travel to continue. It was a monumental decision, as everybody knows. It was unprecedented, but ultimately as we looked at the data, and as we checked in with each other every couple of weeks, it was clear that that measure was doing what it was designed to do, because truck travel in your neighbourhood and across the country was down by maybe 5% or maybe 7% or maybe 2% or maybe not at all, depending on the week. The actual release of goods into Canada and into the United States, again, was down very little, sometimes not at all. However, the numbers of the rest of the travellers overall at the land border were down, depending on the week, between 80% and 90%.

That seemed to be very important, and it has, I think, proven to be very important in controlling the spread in our communities.

**Mr. Chris Lewis:** Thank you very much for that. I'll go on to my next question.



You mentioned that the team Canada approach was working. The truth of the matter is, at least in my area, it's just not working, because we are losing business to the United States and Mexico hand over fist because our owners, who are putting food on the tables of Canadian families, are not working because they're being quarantined. I have spent hours and weeks on the phone with these owners, and I've heard, "You know what? I'm just going to pick up stock, and I'm moving to the States. I'm bringing business to the States. I'm outta here. I'm gone because I can't afford to send my employees across the border anymore."

What should we be doing to make sure that we can get to the very cusp of the problem and move that forward? If we indeed are going to open up the border, we'd better do it sooner than later, because just next week Windsor-Essex will be losing business—not small pieces, but huge manufacturing, well-paying jobs.

Do you have any thoughts on who I can grab the phone to call?

**Ms. Kirsten Hillman:** I think those decisions with respect to the Canadian border and the way we're managing the Canadian border of course are happening in Ottawa with our border services and CBSA and Public Safety and health officials. We have said since the beginning that we'll make those decisions as a government, based on science and the advice of experts.

President Biden is saying exactly the same thing. When we met with him last week, he said, with respect to the opening of the border, that those decisions will be made based on the facts on the ground, how the virus is progressing, and what the scientists and the experts are saying. We're very much aligned in that respect.

I think we're going to see a very common sense of purpose with the administration moving forward. Of course, we would like to get things back to normal as soon as possible, but ultimately that's not going to be possible until we control the virus in both countries.

**The Chair:** Mr. Lewis, you have 20 seconds.

**Mr. Chris Lewis:** Thank you, Mr. Chair. I appreciate it. I won't ask a question. I will respect the chair's time.

I would suggest that if there's some way you can get a phone number for President Biden, I would be very willing to talk to him to protect jobs and Canadian families.

Thank you very much for your time. I really appreciate it. It's been an honour.

• (1745)

**The Chair:** Thank you, Mr. Lewis, for your intervention.

The next six minutes go to Mr. Sarai.

**Mr. Randeep Sarai:** Thank you, Chair. I'll be splitting my time with Mr. McKay. I'll go for three minutes if you can time me, Chair.

Ambassador, I want to thank you for coming. As we understand, you're here at a very good time. I think relations between the two countries couldn't be better in terms of a lot of the synergies that both governments share, but at the same time, we have several key issues: buy America, Line 5, Keystone XL and softwood lumber. These are four big issues that are challenging us right now, and there may be others. For me, the big one I see right now is Line 5, and the ongoing one close to my heart is softwood lumber.

As to Line 5, we were told by GAC officials that resolving this dispute with the State of Michigan will be through diplomatic means, which is usually how most of our resolutions come about with the Americans. How has the embassy been involved in this conversation around Line 5 with the Governor of Michigan and other state levels?

**Ms. Kirsten Hillman:** I'm happy to answer that question.

First, as I answer your question, I would like to say this. From our perspective here at the embassy and obviously from the government's perspective, Enbridge's Line 5 is a crucial piece of energy infrastructure for Canada, but also for the United States. That is a core and principal message that we're giving. We are underlining the fact that a shutdown of the pipeline would have severe impacts for Alberta, Saskatchewan, Ontario and Quebec, of course, but also for Michigan and Ohio.

We have a pipeline here that has been operating safely since 1953, so that's the context in which we have those discussions. We support, full-throatedly and very actively, the continued safe operation of that pipeline. We also, of course, have to underline with our friends from Michigan that we are equally committed to protecting the Great Lakes. They're an important resource for both countries.

We know that Enbridge is committed to those goals as well. I talk with the company very often, and so does my team. They have been seeking to address the concerns of Michigan Governor Whitmer and her predecessor, who also had concerns with the line. Those discussions have broken down. I know that you've heard from a lot of witnesses on this topic over the last week. There's a lot of litigation ongoing in that regard.

Ultimately, I think the solution to this will come about through diplomatic and advocacy means, but it will also come about through negotiations between the company and the governor of the territory through which it's going. It's going to be a combination of all of us working together to find a solution. The company has been mandated by the court to seek mediation with the state in order to see if they can work through some of the differences that they have with respect to this project. For our part—

I'm sorry. Do you want me to stop?

**The Chair:** No, no. Go ahead.

**Ms. Kirsten Hillman:** I'm probably taking up your three minutes. I apologize for that. I'd like to get this out on the table, and then all the rest of you can ask me all sorts of follow-up questions.

For our part—the government—we have been advocating for Line 5 continuously, non-stop, since 2017. The issue of this pipeline has been relevant in Michigan for several years, and before this governor, so we have been very active in the region. Our consul general, Joe Comartin, and his predecessor have been very active in the region in making sure that everybody understands the importance of this line for Michiganders and for the United States.

We have made several on-the-record, written comments in support of Line 5 and the proposed tunnel project by Enbridge. We participate in a federal-provincial working group that coordinates advocacy around the project in Michigan, in adjoining states and at the federal level.

It was, of course, raised in the Prime Minister's discussion with President Biden last week. It was raised by the minister, Mr. O'Regan, with his counterpart. It was raised by the Prime Minister with the U.S. Secretary of State. I've raised it with Governor Whitmer several times, and with her predecessor at least a couple of times. It has been active, detailed advocacy for several years now.

Thank you for the time.

• (1750)

**The Chair:** Thank you, Mr. Sarai.

We will go to Mr. McKay for about a minute and 30 seconds.

**Hon. John McKay (Scarborough—Guildwood, Lib.):** Maybe you could wedge me onto some other question at some point or another. I think I got the short end of that stick.

Let me just set the table for the anticipated generosity of the chair. Secretary Tai was recently confirmed by the Senate committee. Possibly she will be the most important secretary we have, and one with whom—I know you know her—we'll have a lot of relationships.

Under the subheading “Rethinking the China strategy” in a recent article, she says some interesting things: that the U.S. needs “a strategic and coherent plan for holding China accountable”, that “China is simultaneously a rival [and] a partner”, that we “can't compete by doing the things China does, so we have to figure out how we can [do things differently]”. She goes on to give several examples, the most significant of which was, “I think the use of forced labour is probably the crudest example of the race to the bottom.”

This is the question I have for you. Is there an active conversation between the Government of Canada and the Government of the United States as to how to align our interests in that sort of discussion?

**The Chair:** I apologize, Ambassador Hillman. You have less than 30 seconds.

**Ms. Kirsten Hillman:** The answer is yes. The answer is that the question of forced labour in trade agreements is something we have in our new NAFTA. It is something that exists in the CPTPP. It was an active discussion in the CPTPP, which is an Asia-centric trade agreement, as you may know, and one that's near and dear to my heart.

This is a very active conversation. USTR Tai will be a very interesting counterpart. She is someone I know very well, and she has said that she sees trade policy as a means of achieving important economic ends but also making sure that in achieving those ends we are promoting important values internationally. You've put your finger exactly on one of those things.

Thank you.

**The Chair:** Thank you, Mr. McKay.

[*Translation*]

Mr. Savard-Tremblay, you have six minutes.

**Mr. Simon-Pierre Savard-Tremblay:** Good afternoon, Ambassador Hillman. Thank you for being here today.

If the Biden plan were strictly enforced, what would you suggest as an alternative?

For example, one suggestion concerned piecemeal solutions on a state-by-state basis. Is this a possible approach?

What has been considered so far?

**Ms. Kirsten Hillman:** Thank you for your question.

When you refer to the Biden plan, which aspect of the plan are you talking about?

**Mr. Simon-Pierre Savard-Tremblay:** I'm talking about protectionism and the Buy American Act.

We know that the Buy American Act isn't really a new law. However, this is about the strict enforcement of the rules already in place.

If the act were strictly and uncompromisingly enforced, what would be plan B?

**Ms. Kirsten Hillman:** Thank you.

First, the buy America policies that favour the purchase of American goods exist at the federal and state levels. At the federal level, some policies may apply in Canada and some may not. The policies that don't apply to us are the requirements of the Buy American Act. So if you hear about the requirements of the Buy American Act, they don't apply to Canada. We have WTO exemptions for those types of policies.

The buy America policies pertain to the money sent by the United States federal government to the states to fund projects, especially infrastructure projects. Right now, the policies apply to purchases of iron, steel and certain manufactured goods.

These programs exist, and we must live with them.

The question is whether the Biden administration will strengthen these programs and whether it will add more goods to the list.

I don't think that this will happen on a state-by-state basis. I think that they'll add certain goods instead. It's important to note that there are many things that we don't know. It will really depend on how they implement the policy.

For example, the executive order passed about a month ago doesn't affect us at all. We must study it. We must understand the details in order to determine how and if we'll be affected. If we were affected—I may be answering another question—we would have a number of good arguments for why it shouldn't apply to Canada.

• (1755)

**Mr. Simon-Pierre Savard-Tremblay:** Can we work more with the states themselves, and not just with the federal government?

**Ms. Kirsten Hillman:** Absolutely.

We need to work with everyone. We need to work with unions, the business community, members of Congress, governors and community legislators, because that's where the jobs are. Honestly, buy America policies are mostly policies that, as I said in my opening remarks, ensure that supply chains between Canada and the United States create jobs. This creates many jobs. When supply chains are cut, jobs are lost. We must reach out to these people, in the communities where jobs are at risk, to discuss the implications of the proposed policies.

**Mr. Simon-Pierre Savard-Tremblay:** You spoke about the need to work with the governors. As you know, there's currently a dispute with the governor of Michigan.

Is there a strategy to allay the governor of Michigan's fears and anxieties regarding Line 5?

**Ms. Kirsten Hillman:** I must say that I'm not an expert on this matter. However, based on everything that I've read, I'm sure that the project is safe. The governor has some concerns about it.

As I said a minute ago, the company, the governor and us, as mediators, must find a solution. These discussions involve both facts and our relationship. We must see what we can do to move the discussion forward.

**Mr. Simon-Pierre Savard-Tremblay:** Absolutely.

You said that you aren't an expert in science. That's normal, to each their own field.

Someone must be right. The governor expresses her fears and the company claims that it's safe. Who is telling the truth? There must be a way to decide, to prove, to demonstrate that, from a scientific perspective, one or the other is right.

**Ms. Kirsten Hillman:** Indeed. That's why I think that it's a very good idea for the federal government to ask both parties to find a mediator to facilitate these discussions.

**The Chair:** Thank you, Mr. Savard-Tremblay.

**Mr. Simon-Pierre Savard-Tremblay:** Thank you.

[English]

**The Chair:** Next up is Mr. Blaikie for six minutes.

**Mr. Daniel Blaikie:** Thank you very much.

Thank you, Ambassador, for the time you're spending with us today.

There's been a lot of high-level talk about the opportunities to have a united front against climate change and about some of the economic opportunities that might present themselves as a result of

that. I'm wondering if you could give a little more detail in terms of what some of those opportunities are and what Canada is planning to actively pursue with the new Biden administration.

• (1800)

**Ms. Kirsten Hillman:** Thanks. That's a good question.

One, I would refer you to the road map that has been recently agreed to. I would say that this road map is incredibly substantive. I've never seen a leaders' statement with more concrete projects articulated in it. I say that truly. I've never seen anything quite like it.

In that, you'll get some very concrete ideas about some of the areas that we see as priorities right away and key opportunities right away. In the United States, vehicle emissions, transportation emissions, are the number one source of greenhouse gas, so there is a very strong effort here. It's a key priority of the Biden administration to work to decarbonize the transportation sector. We all know that certainly with respect to the automotive sector we are deeply integrated with the United States.

We also know that Canada has access to critical minerals that the U.S. is interested in for the purposes of battery technology, which is important for that transportation transformation. We also have some really interesting innovation taking place in a number of provinces around battery technology. That is very important to them. It's a huge opportunity. It's already a highly integrated sector. We have a lot of know-how and knowledge to share. That is very much something they're interested in. So that would be one—

**Mr. Daniel Blaikie:** If I may, I'm just curious to know.... I mean, when we talk about Canada having those resources, I think Canada also has an interest in doing the value-added work and not creating a situation where we're simply mining raw materials and then sending them to the U.S. for the manufacture of batteries. It's much better to sell finished batteries into the U.S.

Is there any concern about buy America specifically, or the posture of buy America, interfering with the ability to develop that value-added work in Canada and sell finished product into the United States?

**Ms. Kirsten Hillman:** No, I don't think so. Actually, I think it's quite the contrary. Our critical minerals action plan that we work on with the United States—we have been for a couple of years now—is a whole supply chain project. It is specifically designed so that all elements of the supply chain exist within our country as well.

It's the same thing for battery technology. It will be an area where we'll incentivize and work towards developing that technology and doing that manufacturing in Canada. I'm sure the U.S. will do it in the United States as well. The goal, and this was discussed last Tuesday, was to make our two countries the leaders, at the forefront, getting out ahead of other blocs of countries that might also be looking to be leaders in this technology and in this manufacturing. So the answer is no, not at all.

There are two other things I would mention. There's the transportation and vehicles sector. The Biden administration will also, in order to meet some of their targets—and they've said this very clearly—have to work to decarbonize their energy sector and their electrical grid. There we have an awful lot to offer as well in our hydro. We have hydro abilities across the country. We have a new project—it's not that new anymore, I guess—between Manitoba and North Dakota, I believe, that came online last year. You're from Manitoba, I think, so you would probably know that.

**Mr. Daniel Blaikie:** I am indeed.

**Ms. Kirsten Hillman:** There you go. There's that, and of course in Quebec and Ontario. These are really, really important projects. They provide a lot of opportunities for us.

The U.S. is very interested in carbon capture. They're very interested in technology around ensuring that there isn't leakage—I'm not sure I'm going to get all these words right—and capping oil and gas productions that are no longer being used to make sure that no leakage is inadvertently coming out in those areas; again, if I get the words wrong, I apologize.

That's also something we have a lot of experience with. We have some really good innovations in Canada around carbon capture in particular, and other technologies. I see a lot of opportunities here.

Frankly, I think we're ahead of the Americans in a lot of really important ways. We should leverage that. We should leverage that to make sure that we are able to continue to be ahead or at least be partners of choice for them as they move in these directions.

**Mr. Daniel Blaikie:** Right on.

I see that I don't have very much time remaining.

• (1805)

**The Chair:** You have 30 seconds, Mr. Blaikie.

**Mr. Daniel Blaikie:** I do want to ask this question, so maybe I'll set the stage, and when I get a couple of minutes on the back end of this round, I'll come back to it.

I am curious. We heard from trade committee officials at the last meeting that there's very little chance that Canada would get any kind of blanket exemption for buy America, so I'm wondering how on the climate change front, and in light of some of the partnerships on climate that we may be undertaking with the United States—and I hope we do—we might gain exemptions to the buy America policy on the basis of a North American climate change strategy.

We do have companies like New Flyer here in Winnipeg, for instance, which manufactures electric buses, companies that can do a lot to help states and municipalities in the U.S. lower their carbon footprint. Ensuring that those Canadian products and services can get into the American market may become an important part of

their own strategy, so we're looking for opportunities to ensure that buy America isn't getting in the way of a continental strategy to combat climate change.

I'm out of time. I recognize that, Mr. Chair, but—

**The Chair:** You were out of time a long time ago, but I didn't want to ruin your frame of thought. We'll come back to that.

We're now entering the second round. For five minutes, we have Ms. Alleslev.

**Ms. Leona Alleslev:** Thank you very much, and thank you, Ambassador, for being here.

I wanted to discuss just quickly the criteria for the border to be opened. We are losing jobs. We do need to open the border as quickly as possible, and we don't want to jeopardize health and safety—absolutely. In order for people to plan, we absolutely need to understand what the American criteria will be for it to open, and also the Canadian criteria. What are the specifics that need to be met in order to be open?

**Ms. Kirsten Hillman:** I understand that question, and I understand the need that's driving it. As I said, talking about what's happening at the border is a regular feature of my responsibilities here.

What I have to say to that is that we've been in touch already with the White House, with the COVID committee at the White House, and obviously with the Department of Homeland Security. The border was discussed between the leaders. What's clear is that the Biden administration is going to want to move to that discussion in the same way they're moving through everything they're doing down here on COVID, which is stepwise, carefully, very planned out, listening to their scientists, listening to their experts—

**Ms. Leona Alleslev:** Do we have an idea of when we might have that information? It's critical when we can.... They're looking to have their population vaccinated by May. We're six months after that. Obviously, supply chains will resume when we are able to be open. They will be open before us, potentially, and therefore our supply chains may be excluded. When will we know what their criteria are so that we can get there as quickly as possible?

**Ms. Kirsten Hillman:** I'm afraid I can't say when we're going to know. I can say that we talk about it all the time.

**Ms. Leona Alleslev:** Thank you—

**Ms. Kirsten Hillman:** Can I just say one thing? Our supply chains—and this was the point I made earlier—are working. In terms of commercial releases into Canada and Canadian commercial releases into the United States, we have a very small diminishment from last year. I'm not trying to deny how important this is—

**Ms. Leona Alleslev:** That's not what we're hearing on the ground, though, Ambassador. People are feeling that they're losing business, but regardless, we need the border open. Recovery will be directly proportional to that, and we need to understand what those criteria are as quickly as possible. Likewise with the vaccines that are being produced in the U.S. and that Canada will have access to: timing matters. Do you have any insight into what that timing is?

**Ms. Kirsten Hillman:** Well, I can say that there is a contract with AstraZeneca, which is produced here in the United States, and my understanding is that those doses are to start being delivered to Canada in the second quarter. That's the timing I'm aware of.

**Ms. Leona Alleslev:** Thank you very much.

The road map was comprehensive, absolutely, but it also shows the areas that we agree on. I wonder if you could give us the top three areas that didn't make it into the road map and that are Canadian priorities that perhaps we want to further.

**Ms. Kirsten Hillman:** Well, I'm not sure I would....

• (1810)

**Ms. Leona Alleslev:** Would it be Line 5, or Keystone XL? Or are we to understand that that's off the table now? Canada has priorities. Not all of our priorities are in the road map. What are the priorities of Canada that are not there?

**Ms. Kirsten Hillman:** I would say that if Canada is very focused on making sure there are aspects of our relationship that are understood and there are aspects of what's been going on in Canada over the last four years since this president and some of his colleagues have been gone...there are things we have done that they are not aware of and that they are not fully apprised of.

**Ms. Leona Alleslev:** Thank you, Ambassador.

Could you give me some of the U.S. priorities that didn't make it into the road map, so that we're aware of what they would like that perhaps might be more controversial?

**The Chair:** Ambassador, you have 30 seconds or less.

**Ms. Kirsten Hillman:** There was no disagreement like "We would like this in, but we wouldn't like that in." I have to be very frank with you. There really wasn't. There was a discussion around how we formulate certain things in relation to some of the work that we're doing internationally, how we wanted to articulate that, how explicitly we wanted to articulate that or whether we wanted to be more vague about it. We talked about things like that.

We talked about whether there was enough in there on international co-operation around COVID, whether there was too much, whether it should be focusing more on what we want to do together. There were those kinds of things, but the big buckets of things that we were working on were fairly well understood.

**Ms. Leona Alleslev:** Thank you very much.

**The Chair:** Thank you, Ms. Alleslev.

For the next five minutes, Mr. McKay, go ahead, please.

**Hon. John McKay:** If I appear to be surprised, it's only because I am. I did not anticipate this five minutes, but I thank you for it, Mr. Chair. I'll certainly start to think very highly of you because of this gratuitous five minutes.

The interesting issue is with the United States and this continuing China strategy and the changes that may well ensue as a result. I'm concerned about not only the issue of supply chain slavery but also the other issues on which we are going to have to realign our trade policy with that of the Americans. Perhaps you could give us some idea of what you think the short-term realignments will be.

The second issue is a commentary on the United States' position on the CPTPP. The senator who was questioning Secretary Tai described rejoining that as what I understood to be "a fool's errand", and I wasn't quite clear what that meant.

Perhaps you can help the committee out with respect to both of those issues—where we are going to have to realign in terms of our trade priorities and what our relationship with the Americans and that trade agreement will be like going forward.

**Ms. Kirsten Hillman:** First, I would say that one of the things that we have learned—that Canada has learned, the U.S. has learned, and I think many of our allies and partners have learned—through this COVID crisis is that we need a certain amount of additional self-reliance when it comes to critical supply chains. Whether those are health supply chains such as PPE, food supply chains, energy supply chains, or national security supply chains, there's a certain degree to which.... That's where critical minerals come in, because there are also important military applications in some of those products. There is a need for us to be sure that we have the systems in place to be able to rely on those supply chains when the going gets tough. On some level, that means doing more ourselves, and on some level, that means doing more with allies who we know are going to have our back when the chips are down.

In my view, and in my experience over this past year, even though the previous administration was very challenging for us in a number of ways that we all know, when it came down to really working through some urgent needs around, for example, PPE at the beginning of the crisis, the existence of those supply chains and their interdependence became really obvious. It was demonstrated to us and to our American friends that we had each other's backs, if you will, to continue my phrase, when the chips were down. This is going to be an important policy consideration for our government and the American government going forward, also for the Europeans, our NATO allies and others. It's going to be important, as we reflect on the lessons learned from this past year that we have gone through and what's coming next.

In terms of aligning our trade policy with the United States, I think I would flip that on its head. I think I would say that we see with the Biden administration an administration that is now willing to align its trade policy with ours. The previous administration did not respect international treaties that we had entered into and did not respect international dispute settlement. It used tools that were not designed at all for regular trade disputes, in order to bring trade consequences to its closest partners. I think the previous administration was misaligned. I think that the Biden administration is very much aligned with the way that we see rules-based, organized, open international trade operating.

Oh, I didn't answer your TPP—

• (1815)

**Hon. John McKay:** I had a TPP question, but I also have another one.

Perhaps I can squeeze it in, with the generosity of the chair.

**Ms. Kirsten Hillman:** Sure.

On the CPTPP, my understanding of this.... We'll know more as U.S. Trade Representative Tai gets into place and we have more conversations with her, but my understanding is that right now the U.S. priority is not to negotiate international trade agreements really at all. They're really focusing, as all of us are, on looking at our own communities and our own people, and making sure that we're doing things that are addressing the most immediate needs first. That's how I take that comment.

**Hon. John McKay:** Part of the readout between the Prime Minister and the President had to do with the renegotiations of the NORAD treaty and the defence and security—

**The Chair:** Mr. McKay, you have 10 seconds left.

**Hon. John McKay:** Well, that's a simple question to answer in 10 seconds.

I'll possibly get another chance.

Thank you, Ambassador.

[*Translation*]

**The Chair:** Mr. Savard-Tremblay, you have the floor for two and a half minutes.

**Mr. Simon-Pierre Savard-Tremblay:** Good afternoon again, Ambassador Hillman.

You have explained the buy America principle and the Buy American Act. As you know, this is a Canadian concern.

In light of your discussions with the United States government, is similar legislation expected here? Will Canada respond with legislation that could prioritize Canadian companies? Is this a widespread fear? How often do you hear about it?

**Ms. Kirsten Hillman:** Regarding this issue, we always start by emphasizing that buy American policies are often designed with the idea that they'll create jobs for Americans. In terms of trade between Canada and the United States, cutting off the supply chain would have the exact opposite effect. That's what we're stressing.

However, clearly our government will soon be investing in our economy as well. It will spend money to buy goods and infrastruc-

ture for Canada. This is true at the federal level and it's undoubtedly true at the provincial level as well.

I believe that we must ask our American colleagues a very important question. Will we continue on the path of openness, with our mutually supportive trade relationships, or will we take a different path whereby we cut off these relationships, which are so effective, and invest only in goods created by our own companies?

• (1820)

**Mr. Simon-Pierre Savard-Tremblay:** So you don't feel undue fear. You don't feel—

**The Chair:** There are 30 seconds left, Mr. Savard-Tremblay.

[*English*]

**Ms. Kirsten Hillman:** In order to be quick, I'm going to answer you in English.

I think it's important to focus on the positive and to say that keeping the supply chains open and keeping these very mutually beneficial relationships going creates jobs. Cutting them absolutely leads to the loss of jobs. In fact, the questions around the border by some of the honourable members underline that very point. It happens in Canada, and it absolutely happens in the United States.

In addition, I think what we can say is that at the federal level—and no doubt at the provincial level—there will be stimulus spending over the next number of months. In that stimulus spending, governments will be buying things. I think it's a very legitimate question to pose to our American friends: Do we really want to be going down a path where we don't have our procurement open to each other? That doesn't seem like a very good idea, because Americans benefit an awful lot from Canadian government procurement as well.

[*Translation*]

**The Chair:** Thank you, Mr. Savard-Tremblay.

[*English*]

Mr. Blaikie, you have two and a half minutes, please.

**Mr. Daniel Blaikie:** Thank you very much.

I'd like to use these minutes, if I could, just to come back to the question I posed earlier about the potential for a united front around climate change to create some leverage, if you will, on the buy America front in order to maybe relax some of the worst of those provisions, at least when it comes to Canadian products and services that would help municipalities, states and the federal government in the United States reduce their greenhouse gas emissions.

**Ms. Kirsten Hillman:** I'm going to answer your question by being a bit more general, because I think the answer to your question isn't specific to environmental supply chains. I think it's an answer that applies to all Canada-U.S. trade.

Buy American policies are put in place because there's a perception that doing so creates jobs in the local economy. When it comes to Canada-U.S. trade, that is not true. It does the opposite. It actually makes us lose jobs. This fact is understood by many in the United States. It is clear. It was sort of reinforced through all of the leg-work we did during the NAFTA negotiations.

Just last week, our leaders spoke about the fact that a deeply integrated, mutually supportive economic relationship is going to be vital to our economic recovery, and they launched this strategy to strengthen Canada-U.S. supply chains. The point is, as we have said and we will continue to say, it is impossible to be heading down the supply chain integration, mutually reinforcing "Let's help each other out of this recession and let's get out of it faster together", and at the same time impose domestic content requirements.

**Mr. Daniel Blaikie:** I do hear that kind of general argument, but at committee on Tuesday we heard from Steve Verheul, who is somebody I believe you know quite well, a very serious skepticism about Canada getting any kind of general exemption or any kind of large-scale scaling back from buy America policies. I'm just wondering if we have a strategy that's a little more targeted for certain kinds of goods and services in order to ensure we're getting as much access as possible to the American market.

**Ms. Kirsten Hillman:** Again, I would get back to what buy America is versus buy American. The only policies that apply to Canada are buy America. At this point, they apply to steel, iron and some manufactured goods. We are living with those.

If there is an effort to ratchet those up, we will absolutely seek an exemption from everything that applies to Canada and affects Canadian supply chains.

**Mr. Daniel Blaikie:** I think what we've heard is that there is a bill now for a considerable amount of infrastructure—

**The Chair:** Mr. Blaikie, I'm really sorry but we're out of time.

Can we go to Mr. Strahl for five minutes, please?

**Mr. Mark Strahl:** Thank you, Mr. Chair.

Thank you, Madam Ambassador, for your presentation today.

I want to talk about China specifically. Did the issue of the Uighur genocide and Canada's failure to declare it such come up at the bilateral meetings? I know there was a section on China. It did not mention the Uighur genocide. It talked about human rights violations.

Clearly, the new Secretary of State and the past Secretary of State have both declared that what is happening in China with the Uighurs is a genocide, so I'm wondering if that was discussed and if the Biden administration pressured the Canadian side to join with it and join with, quite frankly, the House of Commons and declare that what is happening to the Uighurs in China is a genocide.

• (1825)

**Ms. Kirsten Hillman:** The situation in China with respect to human rights abuses generally and with Uighurs in particular was discussed in a series of meetings last week. We shared perspectives on that. The U.S. administration didn't really raise Canada's position at all.

**Mr. Mark Strahl:** Did the U.S. administration raise the issue of Canada's failure to exclude the Huawei company from Canadian 5G networks, as it has done?

**Ms. Kirsten Hillman:** No.

**Mr. Mark Strahl:** With respect to the Biden administration's shift or attempt to rebuild some alliances to counter China's influence in the U.S., the countries that are always mentioned are Australia, Japan and others. Is Canada a part of that, or does our government's approach to China on things like Huawei or the much closer alignment with China that our government has impede our ability to be part of that new alliance that the Biden administration is proposing to counter China's influence around the world?

**Ms. Kirsten Hillman:** I would say that Canada's concerns, whether with the economic pressures of China, human rights violations or security, are something that we discuss with the Biden administration and that we discussed with the previous administration on a regular basis. Between me and my team, every week, no doubt, we discuss it bilaterally. We discuss it with our Five Eyes colleagues. We discuss it in NATO contexts. I know that there is no perception in any way, shape or form by any American counterpart, present or past, that Canada is in any way soft on China.

We are living through an incredibly challenging time with China. Our bilateral relationship, I would say, is at a very low point after the arrest and arbitrary detention of the Michaels and the effects of certain economic consequences for our canola industry and others. I don't think there's any suggestion at all that Canada is anything but strong and aligned with all of our like-minded colleagues around the world with respect to our values, whether regarding the economy, human rights or anything else.

**Mr. Mark Strahl:** I don't know how much time I have, Mr. Chair.

**Mr. Mark Strahl:** I'll shift back to the energy focus of today's meeting. Have you been given a mandate by the Government of Canada to promote and market Canadian energy? Specifically, the minister talked about how, environmentally speaking, we do well at producing it. Obviously, that message did not make it through to the Biden administration with regard to Keystone XL. Have you been given a mandate by the government to double down on that and to promote our world-leading oil and gas sectors?

**The Chair:** You have less than a minute and a half.

**Ms. Kirsten Hillman:** Yes. Just to be super clear, since I've been here in D.C., which is I guess three and a half years now, advocating for Canadian energy infrastructure, our oil and gas sector, has been a major focus of this embassy. We have an entire section that deals with energy, and individuals who deal with the oil and gas sector in particular.

In 2019, in anticipation of the federal election, we worked for well over a year with Alberta and the sector, long before President Biden was even a candidate, to get all of the information out there about what's happening in our sector, about the innovations that have been made, about the regulations that are in place and about the benefits of the Canada-U.S. energy relationship and the oil and gas relationship in particular. I believe that we made an incredibly strong case. We spoke to hundreds of people around this over the course of a year and a half, including the top decision-makers.

It's very challenging. Energy infrastructure is very challenging. That particular project was also very difficult.

I'm from Alberta. I grew up in Alberta. I have a lot of family in Alberta. I have family that works in the energy sector in Alberta and Saskatchewan. I know how hard that decision was. I know how hard it is for Canadians, but we are working on this non-stop every day, here and across the country.

• (1830)

**Mr. Mark Strahl:** Thank you.

**The Chair:** I'll go to the final question and Mr. Housefather.

**Mr. Anthony Housefather:** Thank you very much, Mr. Chair. I'll be sharing my time with Ms. Bendayan.

Ambassador Hillman, it's great to see you. Having been to law school with you, I hope you don't mind if I ask you a couple of legal questions.

Basically, the first report from this committee is about Line 5. I understand that this is a private dispute between Enbridge and the State of Michigan and that we're looking for a diplomatic resolution in every direction. I totally understand that, but I'd like to just ask, is it the opinion of the Government of Canada that the PHMSA, the federal government's Department of Transportation, has the authority to overrule the State of Michigan's decision to end the easement? That's number one.

Number two, is it our opinion that the legislature of the State of Michigan has the ability to overrule the decision of the executive of the State of Michigan if the Senate and the reps of Michigan vote that way?

Number three, if none of that happens, does the Government of Canada believe that, either through bilateral agreements with the United States or international treaties that we're parties to, we have the ability, as Canada, to be a party to stop Michigan from ending the easement?

**Ms. Kirsten Hillman:** Thank you, Mr. Housefather. I know you've been asking all of the witnesses these legal questions, and I fear I may give you an equal amount of dissatisfaction in my answers.

These are all important questions. I'm not denying that.

On the first question, I have no real comment on that.

With respect to the revocation of the easement, my understanding is, it wasn't an executive order. It was done according to the terms of the easement itself. I don't know and we don't know on that particular act—and there are discussions and analyses, I would assume, being undertaken—whether that is subject to some sort of intervention by the state legislature. I'm sure they are looking into that question themselves, because the state legislature in Michigan is supportive, by and large, of Line 5, as I'm sure all of you know.

Those are important questions in what's becoming quite a complex and tangled set of litigation. Our consul in Detroit is in touch regularly with the legislature to discuss this issue with members of the legislature, as well as with the governor's office and her people. He'll probably be the person who would come to understand what the legislature's position is more quickly than anyone. We'll watch that. Obviously, that's an issue that is internal to that state and their political apparatus.

With respect to the Government of Canada and what we may or may not do from a legal perspective in, as I say, these different legal cases that are under way, we're assessing that. That's the honest answer. We are looking at that. We're assessing it. We will close no door, and we will make the decision that we think is going to have the best chance of ensuring this issue is solved and that we are assured that Line 5 will continue.

**Mr. Anthony Housefather:** Thanks, Kirsten.

Rachel, I'll pass it over to you.

**Ms. Rachel Bendayan:** Thank you, colleague.

Thank you, Ambassador, for being with us tonight.

I want to take the opportunity to clarify a couple of things on the record since Canadians are listening to us. Of course, as you mentioned earlier, Canada does have an exemption from buy American under WTO treaties.

Buy America, which has been the subject of some discussion tonight and which will be the subject of our next debate, is an issue. I would like to clarify, because my colleague, I think, raised an infrastructure bill that doesn't exist yet. I would just like to point out that there is discussion of an infrastructure bill in the United States but there is nothing yet on the table.

Second, from where I sit as parliamentary secretary to the Minister of International Trade, working with Minister Ng, I can say that we certainly have not taken our foot off the gas. We continue to press our counterparts on this issue, and I imagine it's the same for you.



Ambassador, can you please let us know if your foot is still very much on the gas on this issue?

• (1835)

**Ms. Kirsten Hillman:** Is it on the gas on the issue of buy American?

**Ms. Rachel Bendayan:** The issue is buy America.

**Ms. Kirsten Hillman:** I will just say that there are a lot of gas pedals, so it is absolutely, 100%. Again, not to be a broken record about this, but we are in a general way, and have been for many months, reaching out here in Washington—as are, obviously colleagues in Ottawa—to the new administration, to Congress, to the business community, and to labour leaders, all of whom are supportive of our view that in an economic recovery, especially the one we've just experienced with supply chain challenges, we need to be doubling down on our integration and our mutual support for each other. We have allies across all sorts of different constituencies here in the United States, and we are working those phones all the time.

That is one thing. It has been raised in every ministerial contact that has taken place so far. Even in portfolios where there is maybe less obvious inclination, it is a core priority for Canada, and therefore it is raised.

I think the work will continue, because the infrastructure bill, as you rightly point out, isn't in place yet, but we have had incredibly candid conversations right up to the very top about this particular policy and what it potentially could mean and the challenges that it could pose for both of our countries—not just for us but for them as well. I think those voices are being heard.

I would like to point out one thing. The speed with which this administration reached out to us to start talking to us was incredible. I had the honour of attending the inauguration, and for those of you who have been here, you'll know that the embassy is just down the street from the Capitol, and I hope the rest of you will be able to come once this is behind us. Before I was even back in my office, senior members of the White House were phoning to make contact and talk about what Canada's core priorities were. In that discussion our energy relationship, energy infrastructure, buy American, softwood lumber—all of those issues—were raised on day one of this administration.

**The Chair:** Thank you, Ms. Bendayan. That ends our rounds of questions.

I hope, Ambassador, you will indulge me for one short question. I know it's been a long day. It's a practical question and it's a philosophical question. My colleague, Mr. Housefather, raised the practicality of the issue of the debate that's happening within Michigan in terms of who actually regulates the pipeline, whether it is the Department of Natural Resources or the Pipeline and Hazardous Materials Safety Administration. That's one aspect we can't really comment on.

The other aspect is whether the federal engagement is at the executive level or the ministerial level. We also know that we have very close business links, so I'm sure there are a lot of business ties.

I also say this because I was a student in the United States for three years, in Boston. I also appreciate the people-to-people ties.

When we were negotiating NAFTA, when we took that whole-of-government approach, we included civil society, business, culture and obviously the diplomatic and government step.

What are we doing to encourage the closeness, especially with the new administration, especially given the fact that a lot of us have friends and relatives in the United States? Is there a place for civil society going forward?

**Ms. Kirsten Hillman:** Yes, I think there always is.

Something that's been pretty obvious to me since I've been here is that the Canada-U.S. relationship is broad. There are literally millions of interactions between Canadians and Americans every day, from business to families to academics to—in other times—tourists. There's [*Technical difficulty—Editor*]. The ability of someone like me to do my job, or people like you to do your job as it relates to Canada-U.S. affairs, rests on the shoulders of those millions of interactions, because it's those interactions that create that sort of fibre and create the understanding of our two countries and the importance of one to the other.

Something that I think has been very interesting to me over the last couple of several weeks since this administration has come in—and I think you can see it if you look at that road map—is that in our discussions with the Americans we operate far less like we would operate with any other country. In other words, it's not fundamentally a discussion of foreign relations when we're talking to each other, because the things that really matter to us in our relationship with the Americans are much more domestic issues.

As we've been talking about today, they are issues like energy infrastructure; supply chains; borders; people wanting to move back and forth; aligning our climate policies and regulations; aligning our transportation regulations; and, making sure that when we're making large infrastructure spends, we're sharing them with each other. These are much more focused, and I haven't even gone into law enforcement. That's a whole other area where we and our law enforcement agencies work together every single day.

On our relationship, I think it was Condoleezza Rice, if I'm not mistaken, who said that in Canada and the U.S., we talk about condo issues. It's like we share a condo together, and the things we work on together have to do with the fact that we live in the same space. Most of the time, that's great, and sometimes it's not, when they don't shovel their walk or when they don't fix a leaky roof, or we don't. Sometimes it's good. Sometimes it's more challenging. It's a relationship of a very different nature than most relationships with foreign governments, and it's because of all of the people-to-people ties.

• (1840)

**The Chair:** Thank you very much, Ambassador Hillman. I know that I share the sentiment of millions of Canadians in wishing you the best of luck as you navigate the new administration. I know that you will perform as well as you have always performed.

On behalf of the committee, I want to thank you for taking this time and sharing your thoughts with us. We are deeply appreciative for the insights you brought, the sorts of insights we don't normally get in the press, the insights from your negotiations, and for the sto-

ries and anecdotes that really show us how closely we are aligned as two nations and, going forward, how much more alignment is possible in these shared challenges we face.

On behalf of all my colleagues, thank you very much. We wish you the best of luck.

**Ms. Kirsten Hillman:** Thank you very much, and thank you for having me.

Thank you for sharing with me what's important to you and your constituents, because it's obviously essential for me and my whole team to make sure that we are very up to date with what you're thinking about and what you're working on. Thank you for taking the time to talk to me.

**The Chair:** Thank you.

I have one more reminder for my colleagues. The witness list is due tomorrow at 4 p.m. If you could prioritize that and send that to the clerk, it would be great.

Thank you very much, everybody. Have a good evening.

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