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Chair: Mr. Raj Saini



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• (1500)

[*English*]

The Chair (Mr. Raj Saini (Kitchener Centre, Lib.)): Welcome, colleagues, to meeting number 9 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. Today, we're continuing our examination of buy America procurement policies.

I would like to now take the opportunity to wish a very warm welcome to our witnesses from the Department of Foreign Affairs, Trade and Development. We have with us today the Honourable Marc Garneau, Minister of Foreign Affairs; Steve Verheul, assistant deputy minister, trade policy and negotiations, and chief trade negotiator for the Canada-United States-Mexico Agreement; and Mr. Michael Grant, assistant deputy minister, the Americas.

Thank you very much, Minister, for taking the time. I know you're very busy, as we all are.

I understand you have some opening comments. You have five minutes, sir.

Hon. Marc Garneau (Minister of Foreign Affairs): Thank you very much, Mr. Chair.

It's a pleasure to be in front of your committee. It's my first time in front of any committee as foreign minister. I'm delighted to be here with Steve Verheul and Michael Grant from our ministry.

Canada and the United States have a unique and incomparable relationship. We enjoy the world's largest trading relationship and the longest undefended border. We are strong allies on the world stage and work together to protect the natural environment in our two countries, but we are also guided by the objective of reducing emissions globally. No two nations depend more on each other for their mutual prosperity and success. About 2.7 billion dollars' worth of goods and services cross our shared border every day. Roughly three-quarters of Canada's exports go to the United States.

In February, mere weeks after his inauguration, President Biden chose to renew a tradition. His first meeting with a world leader would be with Prime Minister Trudeau. They talked about the importance of a shared vision for clean, sustainable growth that creates opportunities and strengthens the middle class on both sides of the border. Following this meeting, they announced the road map for a renewed U.S.-Canada partnership to revitalize and expand our historic relationship. The road map is a blueprint to expand our co-operation in many critical areas, including in our response to the

COVID-19 pandemic and in building cleaner, fairer and more inclusive economies for everyone.

Following this meeting, I talked to Secretary Blinken about pursuing the work undertaken by our two leaders. We agreed to work together with like-minded partners to promote our fundamental values around the world, values such as democracy and human rights, on issues including the challenges posed by China, the rise of authoritarianism, and the arbitrary detention of Michael Kovrig and Michael Spavor. The U.S. assures us of their unequivocal and unwavering support in calling for their release. Secretary Blinken and I have also discussed the importance of working together to build back in an inclusive way from COVID, as well as co-operating on migration issues.

[*Translation*]

We also agreed to refuse needless protectionism. We all recognized that the economic recovery, both in the United States and in Canada, will be quicker, stronger and more sustainable if we act together. For that reason, President Biden and Prime Minister Trudeau launched a new strategy to strengthen the resilience and reliability of our supply chain, which is so critical to the prosperity of our two countries, and which has been and remains essential in our pandemic response.

Workers and businesses are not just exchanging goods; they produce them together so that they would be used here and around the world. Concretely, most of the U.S. imports coming from Canada already contain American products. The two countries understand very well that it is crucial to avoid unexpected consequences of poorly thought out protectionist policies.

Canada is a predictable and stable partner for the U.S. and is also its closest ally. We work together to ensure that our mutual prosperity and our national security would be supported by a solid and resistant supply chain.

We know full well that the Buy America policies negatively impact our cross-border trade, as well as our American interests. That is why Prime Minister Trudeau and Vice-President Harris agreed in February to avoid the unexpected consequences of those types of policies. What is more, last month, Deputy Prime Minister Freeland and Vice-President Harris discussed the importance of free trade, especially in the context of proposals surrounding Buy America policies.

Our two countries also recognize the vital role natural resources play in our trade relations. Canada is the largest energy supplier to the United States, and that includes oil, natural gas, hydroelectricity, as well as uranium. It is essential for us to work together to ensure a sustainable and predictable provision of resources for North America and the entire world.

[English]

Energy underpins our exports. It supports the economy, jobs and competitiveness on both sides of the border. It provides energy, security and resiliency to North America, and supporting Line 5's continued operation remains a top priority now and in the future through Enbridge's tunnel project.

We work tirelessly through Canada's diplomatic network in the U.S. to promote and strengthen the energy relationship. Our shared desire to ensure greater energy security on the continent is coupled with our shared commitment to create jobs in a clean, sustainable economy of the future that both protects our natural environment and addresses the existential threat of climate change while creating opportunities in the energy sector of the future.

We agreed with the U.S. administration to take a coordinated approach to accelerating progress towards sustainable, resilient and clean energy infrastructure, including encouraging the development of cross-border clean electricity transmission. We have also agreed to align policies to achieve a zero-emission vehicle future and to create the necessary supply chains to make Canada and the U.S. global leaders in battery development and production, so every citizen can participate in the transition to cleaner energies and renewable energy storage.

Under the new road map, we will also launch a high-level climate ministerial to increase our climate ambitions consistent with the Paris Agreement and net-zero objectives, while holding polluters accountable.

Beyond economic recovery and energy security, Canada and the U.S. also collaborate closely on defence, both at home and abroad, notably through multilateral organizations.

• (1505)

[Translation]

Over the short and medium terms, we will expand our cooperation in terms of defence on the continent and in the Arctic, including by modernizing the North American Aerospace Defence Command, NORAD, and by launching a broader dialogue between the United States and Canada on the Arctic.

We are currently going through a landmark and very exciting moment in our relationship with the United States. Over the next few years, Canada will have an array of opportunities to work with

the Biden administration, and we are in a very good position to take advantage of those opportunities.

Thank you for listening. It would be my pleasure to answer your questions.

[English]

The Chair: Thank you very much, Minister.

We will now start our first round of questions, with Mr. Lewis for six minutes, please.

Mr. Chris Lewis (Essex, CPC): Thank you, Mr. Chair, and thank you, Minister. We certainly appreciate your coming out here to answer questions.

Minister, at a Manufacturing Canada Conference in May 2014, which is as relevant today as it was then, Robert Hattin, a former chairman of the Canadian Manufacturers & Exporters board of directors, suggested that to get around the challenges to competing in the U.S. economy, Canadian manufacturers should simply buy an American company:

Business as usual is no longer an option, and we have to figure out other ways to continue to participate in the largest economy in the world. Let's buy America. Let's invest in America.

Of course, what Mr. Hattin doesn't say is that this will result in a potentially catastrophic loss of well-paying manufacturing jobs in Canada.

Minister, to stem further hemorrhaging of contracts and jobs in Canada during the year-long closure of the Canada-U.S. border, what is the Canadian government doing to ensure that manufacturers can thrive in Canada and jobs in Canada are protected from President Biden's latest tightening of the buy America provisions?

Hon. Marc Garneau: Of course, you quoted somebody back in 2014 talking about manufacturing and encouraging Canadian companies to buy American companies. To some extent, that has happened, as it has the other way as well. We do both as countries; we invest in each other.

Since that time, of course, we renegotiated very successfully the NAFTA 2.0 agreement, the CUSMA agreement, and I believe that Canada came out of that with a very good free trade agreement with the United States. It was modernized and it defended all the important priorities we had as a country.

The situation is such that trade between our two countries... I did point out that goods and services—we're now talking about over \$2 billion a day—are flowing between the two countries. It's obviously slowed down somewhat by COVID-19, but we took a team Canada approach in making sure our neighbours to the south were aware of the strongly integrated supply chains that exist between our two countries. As a result of that approach, we were able to come out with a very good deal for Canada and for Canadian manufacturers, and we will be cognizant of that as we go forward.

Mr. Chris Lewis: Thank you, Minister, I certainly appreciate that. I'm very happy that you spoke about the integrated approach.

Minister, another concern I have about the buy America or buy American provisions is the impact on the Canada-U.S. supply chains, which are highly integrated, as you've just suggested, sir.

Right here in my backyard in Essex is the Windsor Assembly Plant, the Chrysler assembly plant. We cannot get chips for our vehicles; therefore, the plant is shut down for one month. I really suggest that integration is not happening at the greatest level that it perhaps could.

Minister, parts for a vehicle go back and forth across the busiest international border up to seven times before a car is manufactured. Then, that same vehicle or truck is sent back to the States and/or Mexico in some cases.

Minister, is Canada negotiating with its U.S. counterparts to ensure that the integrated supply chain with respect to manufacturing in Canada, particularly in the automotive sector, is protected?

• (1510)

Hon. Marc Garneau: Yes. I'm glad you brought up the example of the automotive sector, because it's probably the most important illustration of how tightly integrated our supply chains are. As you point out, products go back and forth across the border before they end up in a finished car. The automobile sector has been very well protected in the renegotiated Canada-U.S.-Mexico trade agreement and will continue to be protected as we go forward.

The United States recognizes very clearly that this is a strong example of where there can be unintended consequences with protectionist policies. We're going to make sure that the United States continues to understand that. We're confident that they will as we go forward, and particularly as we transition from internal combustion engine cars to electric cars. We're confident that this message will continue to be carried to our neighbours to the south.

Mr. Chris Lewis: Thank you so much.

Interestingly enough, Minister, I am the chair of the Conservative auto caucus. Yesterday I had eight or nine stakeholders there, from all aspects of auto. Yes, there's a lot of talk on electric, and I think that's fantastic. As you know, sales across Canada are down 20%, and that's because we cannot get commerce back and forth across the border and we can't get people back and forth across the border.

Specifically, Minister, have you had any conversations with your counterparts in the United States to ensure that manufacturers, advanced manufacturers in the auto sector, can get people across the border to do their jobs?

Hon. Marc Garneau: I'm very glad you brought that up. Yes, we are specifically talking about different groups who would be potentially considered to be essential workers who need to cross the border for specific reasons. That could be technicians in the automobile industry. We are currently looking at that to see if we can refine our essential workers list as we move forward.

Mr. Chris Lewis: Thank you, Minister.

Thank you, Chair.

The Chair: Thank you, Mr. Lewis.

We'll now go to Mr. McKay for six minutes, please.

Hon. John McKay (Scarborough—Guildwood, Lib.): Minister, it's good to see you again, even if it is virtually.

On January 25, President Biden issued an executive order: "Ensuring the Future Is Made in All of America by All of America's Workers". It's not a very subtle executive order, may I say? It seems to me that it was a very political executive order. From this side of the border, one thinks that maybe treaties, laws and various agreements, including NAFTA 2.0, are more casual suggestions than actual agreements that are binding on both parties.

My first question is, what is your political strategy with respect to getting the most favourable treatment under that executive order? Everything in Washington seems to be political, and you can operate at an executive level but not necessarily at a political level. I'd be interested in your strategy with respect to that.

The second question I have is with respect to your seeking exemptions from the arbitrary orders that many American officials might well make with respect to Canadian products. Mr. Lewis can give you examples, and I can certainly give examples as well. I'd be interested in your political strategy and how you're going to ameliorate the section 4 exemptions.

• (1515)

Hon. Marc Garneau: Let me start by differentiating between buy American and buy America, which were brought up. We're exempted from buy American because of World Trade Organization government procurement regulations. Buy America, however, as I mentioned in my opening remarks, was pretty much the first subject that the Prime Minister brought up with President Biden when he met him on February 23. At the same time, the Prime Minister spoke to Vice-President Harris, as I mentioned. Our Minister of Finance has also spoken with the Vice-President about the unintended consequences that could happen as a result of buy America policies. These are unintended in the sense that products we sell to the United States already have, on average, 21% American content in them, and if those products are blocked from being sold in the United States, then the United States is effectively cutting off its nose in spite of its face because of that highly integrated nature.

That is the message we carry across to the United States. I believe we did this very successfully, with a great deal of effort, in the team Canada approach we used for about two years when CUSMA was being renegotiated. We will use a similar approach to remind our American neighbours of the importance of maintaining supply chains and keeping exports open to Canada, because this is not only in Canada's interests but in the interests of Americans.

We were successful with CUSMA and we intend to be successful with buy America.

Hon. John McKay: We've been friends long enough to know that I don't mind interrupting my friends.

Hon. Marc Garneau: That's fine.

Hon. John McKay: That response is on an executive level—you to your secretary of state and the Prime Minister to the President—but as we know, everything in Washington is political. What I'm interested in knowing is how you anticipate penetrating Congress and getting to both Republicans and Democrats in Congress and the Senate, because those are the people who have skin in the game. A number of people have been successful politically because of the anticipation that this kind of a buy America order would be issued forthwith, so I'd be interested in knowing your political strategy.

Hon. Marc Garneau: In the team Canada approach, we obviously had people like Chrystia Freeland and Steve Verheul negotiating on our behalf for the new NAFTA treaty, but at the same time, I was involved, along with many other government ministers and MPs, in speaking directly to American lawmakers and governors. We pointed out to them that they may not know it, but we are their chief export destination; we are in many cases the country from which they import the most, and there are many jobs in their state because of that.

That's the kind of hard information we shared with our American colleagues to point out exactly what the implications of trade between the two countries are. We believe that we met with some success on that, because we think we ended up with a good treaty. That's the approach we will continue to take as we move forward and as some of the buy America legislation, which still has to go through Congress, is implemented.

Hon. John McKay: Thank you.

The Chair: Thank you, Mr. McKay.

We will now go to Monsieur Savard-Tremblay.

[*Translation*]

Go ahead for six minutes.

Mr. Simon-Pierre Savard-Tremblay (Saint-Hyacinthe—Bagot, BQ): I want to say hello to my colleagues and thank all the witnesses joining us today.

Minister, on March 4, 2021, the United States Department of Commerce published the notice of initiation of its third administrative review of the softwood lumber countervailing and anti-dumping duty orders.

It is true that tariffs were already revised downward in the previous reviews. According to you, what kind of a tariff revision can we expect this time?

• (1520)

Hon. Marc Garneau: Thank you for the question.

As you said, the tariffs were revised downward, but the work is certainly not done. Canada's position has remained the same since the beginning, several decades ago: it is unfair and unwarranted for the United States to impose duties on Canadian softwood lumber. That is our position, which we maintain. We vigorously defend the Canadian industry's interests, including through the proceedings brought under chapter 19 of NAFTA and chapter 10 of CUSMA, as well as before the WTO. So we are defending our interests in those two different forums.

Canada continues to believe that it is in the two countries' best interest to conclude an agreement. We will remain ready and willing to negotiate a mutually acceptable agreement. The high tariffs on softwood lumber are being maintained despite the new U.S. administration. That is something our two countries have discussed.

Mr. Simon-Pierre Savard-Tremblay: My next question was actually about the Canadian government announcing its plan to negotiate a new agreement for softwood lumber. I wanted to ask you whether that was still planned. You just sort of confirmed it, but I would like to know what the status of the discussions on this issue is.

Hon. Marc Garneau: Unfortunately, the discussions take time, as certain positions are entrenched. That said, this is not the first time we find ourselves in this situation. Unless I'm mistaken, I believe that this is the fourth or fifth time we have had this legal dispute between our two countries. We won the first four times and we certainly plan to use the same arguments this time.

We are encouraged by the fact that we definitely have important allies in the United States right now because the construction industry is booming there, and there is great need for softwood lumber from Canada.

So we will continue to present to our American colleagues the same arguments that helped us win this dispute the four previous times.

Mr. Simon-Pierre Savard-Tremblay: We know that, in this type of commercial war, when a verdict is rendered, it is generally favourable to Canada rather than to the United States.

However, the period during which the tariffs are in effect is extremely difficult. During that time, businesses can approach the brink of bankruptcy and lose a lot of jobs. There is a flaw that surfaces during the dispute settlement period.

Why not have used the CUSMA negotiations, for instance, to resolve the softwood lumber issue once and for all?

Hon. Marc Garneau: As I said, we invoked chapter 10 of CUS-MA, but these negotiations take time. This did not happen overnight the last four times.

I know that this sometimes puts our industry in difficult positions. However, we are here to support it, as we have said.

The process has to follow its due course. Sometimes, when a dispute comes before a court of justice, it can take time. We are all anxious to have this resolved, but we have to be patient.

Mr. Simon-Pierre Savard-Tremblay: Regarding this, the World Trade Organization made an important decision in August 2020.

How has that decision changed Canada's approach to obtain from the Americans a full exemption of all tariffs on the export of Quebec softwood lumber to the United States? Is that decision now being used as a sort of precedent?

Hon. Marc Garneau: I am not a lawyer, so I don't want to speculate on what this involves. It is certainly something we have to deal with, but I could not tell you how it will end. We have to wait for the WTO to come to a final decision. For the time being, we will have to wait to see what happens.

Mr. Simon-Pierre Savard-Tremblay: How much time do I have left, Mr. Chair?

The Chair: You have one minute.

Mr. Simon-Pierre Savard-Tremblay: That's great. In that case, I will ask another question, still on the same topic.

The new U.S. administration does not seem to be especially open to improving the commercial dispute resolution process. So far, we have not seen any signs in that direction.

The new administration has been in power for a few months. We wrongly believed that protectionism and trade wars were invented by Trump, but that is not at all the case. This is an entrenched culture in the United States' trade relations.

What steps has Canada taken with the United States concerning the blockage of the World Trade Organization's appellate body? Have you received information from U.S. representatives indicating an interest in moving forward on this file? In other words, has the new administration changed the United States' position on this issue?

• (1525)

Hon. Marc Garneau: I cannot give you specific answers. As you know, the new administration has been in power for only three months. I could refer this to my colleague Steve Verheul, who may have information, but I also want to mention that we are at the very beginning of our relationship with the new administration. I think it would be premature to presume what its position on the softwood lumber issue is.

So I turn to Mr. Verheul should he want to add anything.

[*English*]

The Chair: I'm sorry. You're over the time limit.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: That is what I feared.

Thank you.

[*English*]

The Chair: Maybe Mr. Verheul can add his comments when Mr. Savard-Tremblay has another round.

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

Mr. Brian Masse (Windsor West, NDP): Thank you, Mr. Chair.

Thank you, Minister, for being here. Thank you again for your quick and decisive action on trucks carrying hazardous material going across the Ambassador Bridge during this past Christmas holiday season. Your intervention with Governor Whitmer was significant in blocking these trucks carrying dangerous material from crossing over our Great Lakes system.

With that, I want to ask about another issue with the FAA in our region. That's the Nav Canada study to close the Windsor airport. I have presented your government with Bill C-278, a private member's bill that would give the government the power to stop the study from happening.

Have you had a chance to review this? Why would we want to get into a dispute with the FAA? With that airport tower being closed, planes are having to share space, especially with the U.S. military and their private and commercial aircraft.

Hon. Marc Garneau: Thank you very much, Mr. Masse, for your opening comment. I want to thank you for bringing to my attention the transportation of dangerous goods over the bridges. That was a good example of a team effort between two parties and also two individuals in the Government of Canada. I appreciate that very much.

I know you are very concerned, as are a number of local government officials, with respect to the Windsor airport. As I have explained to you in the past, at the moment the organization called NavCan, which is responsible for air control in our country, decided some time ago to re-evaluate the service needs of different airports across the country.

I'm no longer at Transport, but as far as I know they have not made any final decisions. They are responsible, and they are an arm's-length organization. We have to allow them to do their work. Hopefully they will take into account all the factors you and others, such as the mayor of Windsor, have brought up.

Mr. Brian Masse: I'll leave it at that, but what has changed is that NavCan has changed its process. Second, I have presented a bill that will provide the government with the remedy right away. I hope you have a chance to look at that.

I want to quickly move to our auto sector. Semiconductor computer chips are in shortage in North America, in particular in Canada. In Windsor, our assembly plant is down again. Because we're dependent mostly on China's supply chains for this, have you talked with any American manufacturers or your political colleagues to look at a domestic solution? These semiconductor chips are like vaccines for the automobile industry. We cannot produce them without them. We have no supply capacity for ourselves.

Have you had any discussions, or will you follow up the discussions, to produce domestic manufacturing for North America for semiconductor chips?

• (1530)

Hon. Marc Garneau: You raise an important point. In a broader context, if I can talk about other critical materials, let me talk about critical minerals as an example. That will be very important in the transition towards electric vehicles, and they are also used in a lot of electronic products. I know both Canada and the Biden administration are looking at those considerations very carefully because, as you pointed out, they're critical elements in the supply chain.

One of the things we're doing as we move forward is ensuring that in both countries, for industries we strongly support, we look at all the different methods available to us to ensure we have that availability with respect to certain critical components.

I know the United States is looking at integrated circuits, but I know Canada also has the potential to be extremely helpful in the area of critical minerals because we're rich in that area. We're looking at North American self-sufficiency with respect to certain critical components.

Mr. Brian Masse: I would suggest that batteries shouldn't be alone; semiconductor chips should be part of that, because we are dependent on that entire infrastructure.

I want to move to a proposal by the Wilson Centre to have a border task force to deal with the health-related issues of COVID-19 and building back our two countries.

Is this being considered by the government right now? Similar to the issues over COVID, we have the Canadian Association of Moldmakers, who cannot get workers across the border properly.

The order in council you're a part of didn't accommodate those types of employees. We also have families who can't get reunited. Could you make a commitment today to having a border task force created, as many businesses, including the Business Council of Canada, have advocated? There are so many issues under that. It's going to take ongoing operations.

Is that something the government is considering?

Hon. Marc Garneau: I sit on the COVID committee, and we are constantly evaluating border policy. It's probably fair to say that the number one driver in making any decision is the health and safety of Canadians.

Having said that, the situation is gradually changing and we are very sensitive to the need to recover our economies. We are looking at fine-tuning the process, so in some cases we will examine whether certain classes of workers who aren't on the original list of essential workers need to have access across the border.

Those are the kinds of things we're looking at as we move forward and improve our processes with respect to getting people checked before they cross the border, getting people checked after they cross the border, and refining our quarantine regulations. All those things are being dynamically examined at the moment by all the relevant people.

We are talking to stakeholders and they are certainly talking to us, especially from industry but also from the United States, where some groups want to reopen the border more quickly. However, we have to always bear in mind that the number one consideration is the health and safety of Canadians. They have to—

Mr. Brian Masse: There's no doubt there, but I guess what I'm looking for is a commitment to a formal task force like we used to have with the Manley-Ridge accord and others. Previously, we actively worked on untangling border issues on a regular basis, not just with the government, but with the private sector, the public sector and so forth.

The Chair: Did you want to answer that really quickly, Minister?

Hon. Marc Garneau: The COVID committee's tentacles reach out to those stakeholders, so we are talking to them.

The Chair: Thank you, Mr. Masse.

We will now begin our second round, with Ms. Alleslev for five minutes, please.

Ms. Leona Alleslev (Aurora—Oak Ridges—Richmond Hill, CPC): Thank you very much, Mr. Chair.

Minister, you stated that Canada's approach to the “made in America” executive order is to educate all aspects of the political and industry sectors in the U.S. on Canada's integrated approach to make sure they're aware of any unintended consequences. Speaking candidly, President Biden is not new to this, and it could be viewed as naive for us to think that President Biden and our U.S. neighbours haven't made themselves aware of all of the consequences and have decided this course of action anyway.

Canada's current approach hasn't been working. The U.S. has cancelled Keystone XL. We've lost auto jobs. We are not making progress on softwood lumber. The steel and aluminum tariffs that were imposed saw a great loss of steel and U.S. manufacturing jobs, which went to the U.S.

What is Canada's plan B? Minister, how are you changing your approach to ensure that Canada achieves a different result?

• (1535)

Hon. Marc Garneau: I'm sure you understand that I take exception to the way you presented some of those statistics. I disagree with the way you painted the picture of how things are going between our two countries, because I think things are going very well between our two countries, notwithstanding that we are going through a pandemic.

We were extremely successful in renegotiating NAFTA, and I believe very strongly that we'll be successful in making the point clearly to our American neighbours that buy America has to be looked at very carefully because it can have unintended consequences, and that we should stay very close together in following it to make sure it doesn't have those unintended consequences.

I'm confident that on.... Remember, again, that we're doing 2.7 billion dollars' worth of trade between our two countries on a daily basis. This is not a small exchange between two countries. This is gigantic and it involves all 50 states. It requires us to do our work as team Canada across those 50 states, and that's what we're doing.

Ms. Leona Alleslev: Minister, do you know what percentage of the trade we do every day will be at risk because of these new "made in America" provisions?

Hon. Marc Garneau: I'm confident that our trade is going to continue to be strong between our two countries. I guess time will tell, but we continue with our approach of advocacy with respect to our relationship with the United States. It worked very well—

Ms. Leona Alleslev: You don't feel that Canada needs a different approach. We should just continue with the current approach and we will be able to mitigate the messaging that the Americans are looking to protect and repatriate to the U.S. a significant number of manufacturing jobs in steel, iron and manufactured goods.

Hon. Marc Garneau: Many American lawmakers—governors—realize just how important that mutual trade is because of our integrated supply chains, and we will continue to advocate amongst those who may not be as aware of it. It has worked very well with the previous administration in renegotiating CUSMA. We will continue in that way.

Ms. Leona Alleslev: Thank you, Minister.

With respect to the border, I recognize that now is not the time to open the border, but as you mentioned, we are making progress and the Americans are as well. From small business owners to large corporations to just individuals, Canadians need to be able to plan.

Can you tell us when you will be able to provide the conditions under which we can reopen the border and, if you could, speak specifically to what impact vaccination might have on that?

Hon. Marc Garneau: We evaluate that on a continuous basis and, as you know, we renew our orders in council and we fine-tune

them as we move forward. Two months ago, when the situation was moving downwards from the second wave, I don't think anybody could have anticipated the third wave. I don't think anybody could have predicted—

Ms. Leona Alleslev: No, Minister, and I'm not looking for a time in terms of when, but rather the conditions. What's the plan? How do we know what those conditions look like, so that we'll be able to open?

Hon. Marc Garneau: Those conditions depend on the state of the situation between the two countries. That's what we have to continuously bear in mind as we revise our orders in council, and always, as I say, with the priority being health and safety. It's a movable target that we keep adjusting on a monthly basis.

• (1540)

Ms. Leona Alleslev: Thank you, Minister.

The Chair: Thank you, Ms. Alleslev.

We'll go now to Ms. Romanado for five minutes, please.

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

[*Translation*]

Minister, thank you very much for joining us today.

It is not easy to take the floor after five members, as a number of my questions have already been asked.

[*English*]

Therefore, I have to switch my strategy a bit.

With respect to the border, obviously we are both from the Montreal area. Being 45 minutes away from the St-Bernard-de-Lacolle border, I hear about this often, from both sides: that we don't want to open the border, that we do want to open the border, or that we could at least let people go in, especially those who have property on the other side of the border.

You've mentioned that it's an evolving issue and that month by month we're looking at that, but is there a possibility, given the vaccination rates ramping up both in the United States and in Canada, that we will see the border open before the end of summer?

Hon. Marc Garneau: Well, I don't know if my crystal ball is any better than yours, colleague. I would say that the fact that more and more Canadians and Americans are being vaccinated certainly moves us in the right direction. At the same time, as anybody can notice if they check the current situation, there's concern about the third wave, and there has even been discussion in some quarters about a potential fourth wave. We're not out of the woods, and we must always bear in mind that the health of Canadians and their safety are paramount.

I fully understand the frustration that this is causing a lot of people. You've named some examples of people who are directly affected. I hear, for example, from Brian Higgins, an American congressman who represents the northern states. They would like to re-open the border more and have that greater opening. We're hearing from our stakeholders and, of course, from industry as well. We have to look at all the information we have and make the right decision for Canadians.

Like everybody, I hope things will get better and we'll be able to loosen things up, but I would not want to be the one to make a prediction right now about exactly when we're going to be able to open that border like it used to be.

Mrs. Sherry Romanado: Thank you, Minister.

I want to shift now to probably one of the most important relationships we have with the United States, that of NORAD. I know you are very aware of our relationship with NORAD.

Having just celebrated the relationship, we're hearing talk in Canada about closing "NORAD of the North", as we call it in North Bay. Can you elaborate to the committee, which may not be as familiar with our relationship with the United States with respect to NORAD, just how important it is?

You mentioned the Arctic. You mentioned our northern passage. Could you elaborate a little for the committee on that importance and on that continued relationship?

Hon. Marc Garneau: When we speak about the priorities for our American neighbours, I have spoken about economic priorities with regard to trade between the two countries, but security is also paramount for them. We have strong alliances with the United States, first in NATO with many other countries, but also with NORAD, which is unique between Canada and the United States. It's the bilateral arrangement we have had for many decades for the protection of North American territory. It involves a presence in the Arctic.

NORAD is in need of modernization. We have specifically identified this as an area on the road map that we will be discussing with our U.S. neighbours with respect to modernization. It is also true to point out, as you alluded to, that the Arctic is changing at the moment, primarily because of climate change, and this has huge implications with respect to many things, including increased traffic across the north. A greater awareness and modernization of the capabilities we have within NORAD is something both Canada and the United States are going to be discussing and implementing.

Mrs. Sherry Romanado: Thank you very much, Minister.

• (1545)

The Chair: Thank you, Ms. Romanado.

We will now go to Mr. Savard-Tremblay.

[Translation]

You have the floor for two and a half minutes

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

Minister, we were unfortunately interrupted earlier. I asked you a question, and you implied that Mr. Verheul could answer it; so I am putting it to him.

Do the early conversations with the new U.S. administration point to a new position on its end concerning the WTO Dispute Settlement Body?

[English]

Mr. Steve Verheul (Assistant Deputy Minister, Trade Policy and Negotiations and Chief Trade Negotiator of the Canada-United States-Mexico Agreement, Department of Foreign Affairs, Trade and Development): At this point Minister Garneau is exactly correct. The U.S. has not yet formulated its position on how it wants to deal with the issues of dispute settlement at the WTO. The big difference we see is that the Americans are open to a dialogue and are prepared to talk about it. They have made it clear that they have ongoing concerns they would like to see addressed with respect to the dispute settlement process, but at least we have the opportunity to start to talk about it and see if we can find some solutions.

[Translation]

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

I will continue to put my questions to the Minister.

On March 4, 2021, Canada's ambassador to the United States told this committee that, under the Buy America provisions, the United States could add goods to the list that currently contains iron, steel and certain manufactured products.

Do we have information, or even direct or indirect signs, suggesting that the United States may be preparing to amend the provisions in order to apply them to purchases of products other than the already targeted iron, steel and manufactured products?

Hon. Marc Garneau: To my knowledge, no, there are no such indications at this time. This does not mean that there will not be any. Of course, we are keeping our finger on the pulse. If it does happen, we will deal with those changes and will obviously defend our interests.

Mr. Simon-Pierre Savard-Tremblay: So the United States has not, so far, provided an exhaustive list of products to which the Buy America provisions could apply.

Hon. Marc Garneau: It is important to remember that the new administration has been in power only since January 20. Although the president has issued executive orders along with some very bold statements, due process must be followed, just like in Canada. This must go through the U.S. Congress. We have to wait. We will know the details as we move along. In due course, the U.S. Congress will intervene and may want to make amendments. Although the new administration has taken quick action, it will take time for us to find out all the details.

Mr. Simon-Pierre Savard-Tremblay: For the time being, do you—

The Chair: Unfortunately, your time is up. Thank you, Mr. Savard-Tremblay.

[English]

We'll go now to Mr. Masse, please, for two and a half minutes.

Mr. Brian Masse: Thank you, Mr. Chair.

Minister, the U.S. Centers for Disease Control issued a “high” warning for travel to Canada for American citizens. The point I have with regard to the order in council process is that it’s secretive; it doesn’t have to be inclusive of the different groups and organizations. The tentacles for it might reach out for advice from different groups and organizations or bureaucrats, but why not have a border task force to at least provide some public accountability and some innovative ideas on how to deal with this?

Who would have thought the U.S. would be issuing a travel advisory against Canada to its citizens? That’s where we’re at right now because of their advanced COVID immunization. Why not have some type of formal process like we’ve had in the past, which would untangle border issues on a regular basis and proactively work on solutions and proposals?

It has been very cruel for families who are waiting month by month for somebody, somewhere, to make a decision on whether they can actually have a process to be reunited, let alone the business decisions and the business engagements we have that are very particular to regions, like the moldmakers in my riding.

Hon. Marc Garneau: I certainly do not characterize the process as “secretive”. Certainly, we speak very openly with the stakeholders with whom we engage. We are constantly being asked by the media where we position ourselves on issues related to the border.

With respect to the CDC making decisions, they’re a U.S. body. They make those decisions as a function of the situation that exists within the United States, and we in Canada make our own decisions as well. So far, there has been mutual agreement as we renew the border policies on a monthly basis. It’s not to say that at some point there wouldn’t be some differences, but not only are we listening to stakeholders, we’re also working with the United States so that, as much as possible, we can harmonize our border policy.

• (1550)

Mr. Brian Masse: I have a quick question on auto. I’ll pivot to that.

Similar to batteries is the sharing of information, data and privacy, especially when it comes to vehicles that are autonomous. What discussions are taking place on that? Again, this is part of a larger vision of auto. If we don’t have those things—and also data management and data costs—autonomous vehicles and trucks will be compromised. What is happening with that, please?

Hon. Marc Garneau: I’m sorry. Could you repeat your question? I missed part of it.

Mr. Brian Masse: I’m just looking for the status for us and the United States in sharing information related to privacy rights for the use of autonomous vehicles and trucks between Canada and the United States. For them to operate in both jurisdictions, we need to have comprehensive data and privacy management plans and also cost-sharing with regard to those plans. Otherwise, they’ll be compromised and won’t be able to work.

I’m just wondering if you can update us on what’s going on with that. We want to do the same things with batteries, but if we don’t do that with data management and autonomous vehicles, they’ll become useless on each side of the border.

Hon. Marc Garneau: I’m going to put on my old Transport hat, because that was very much something that I was engaged in with the Secretary of Transportation in the United States. Where we harmonize with respect to regulations, we were indeed talking about the whole concept of autonomous vehicles and the very critical issue of privacy rights because of the environment in which autonomous vehicles would be operating.

I can assure you that for both Canada and the United States, when we talk about autonomous vehicles, we’re not just talking about regulations with respect to how they operate. Because of the nature of autonomous vehicles, we’re both very sensitive to privacy rights. That is part of the discussion that my successor, Minister Alghabra, is currently engaged in with Secretary Buttigieg.

The Chair: Thank you, Mr. Masse.

We’ll go now to Mr. Hoback for five minutes, please.

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

Thank you, Minister, for being here this afternoon.

Minister, you were asked about the matrix in regard to the border reopening, what that looks like and what things you have to check off. Your answer kind of made it sound like it was a political decision, not a science-based decision.

Can you confirm that what goes on in regard to the decision around the opening of the border will be based on science? Or is it a political decision?

Hon. Marc Garneau: It’s first and foremost a scientific decision, and it’s one that is based on the science with respect to COVID-19. We have to bear that in mind more than anything else—

Mr. Randy Hoback: Okay. I’m sorry. I don’t mean to be rude, but I only get five minutes

Hon. Marc Garneau: No, please go ahead.

Mr. Randy Hoback: You also touched on the process you’re using. It is similar to what we used for the USMCA, or CUSMA, negotiations. I was actually part of them. I worked very closely with Andrew Leslie at the time. We worked across party lines to talk about the Canadian-American advantage and how we work well together.

I see problems with that right now. First, you haven’t assigned anybody to that role in your caucus. Second, we can’t travel, and part of the process was face-to-face meetings. The U.S. has a new Senate. In fact, the Senate actually said no exceptions, if you look at the letter that 21 senators sent to the President. They didn’t want to see any carve-outs, any exceptions.

How are we going to do the grunt work, the work that Mr. Masse, Mr. Easter and I were part of? How do we do that in light of the fact that we can’t travel to the U.S. and can’t visit?

I'm also very concerned when I start hearing from colleagues in the U.S. that they don't even understand the problem. When we were dealing with Line 5, for example, they didn't even realize that was an issue. What's your strategy to make sure that work gets done?

Hon. Marc Garneau: You raise an important point. When we look at essential travel and essential workers, we look at the question of whether the job they do can be undertaken virtually as opposed to them having to be in situ. Sometimes that can be challenging, but sometimes, despite the fact that it's not as good as being there in place, it can be done virtually.

The other factor, of course, is the safety risks associated with having people, let's say, moving back and forth across the border—

• (1555)

Mr. Randy Hoback: I'm sorry, but maybe you got me wrong. I'm not talking about travel. I'm talking about the outreach we did to have a successful conclusion to the USMCA. We had a team Canada approach, but we have an atmosphere now where we can't do that. We just physically can't do that. How do you take that reality and adjust your strategy to something new to reflect what you can or can't do?

I haven't been part of any discussions with regard to a new strategy concerning buy America. I don't think Mr. Masse has. I look at it as... You just said we have a good friend now in the White House. We don't have Donald Trump; we have our buddy Biden. Buddies don't get you jobs, though; buddies don't create opportunities and buddies aren't relied on in the international context. That's where I'll leave it.

One other question I want to get to before I run out of time—

Hon. Marc Garneau: Let me answer. We are talking to each other. We're doing it virtually, but we are talking to each other.

Mr. Randy Hoback: That was the problem, though. The ministers were talking to each other during CUSMA, but they were not making headway. It was the conversations that Andrew Leslie, Brian Masse and I had—Erin O'Toole was down there too—that were moving the yardstick, and we never got credit for it.

As to the other question I wanted to ask you, what other allies do you have in the fight on buy America? Have you talked to our friends in the U.K.? Have you talked to Europe? Have you talked to Mexico? Have you created a nucleus of countries that will say to the U.S. that this type of process not only is going to hurt Canada, but also is actually going to hurt the global economy? What are you doing on the international scene to address buy America?

Hon. Marc Garneau: We are dealing with the United States. The buy America policy, as it affects us, is the one we are concerned with. We are working bilaterally with the United States by reaching out, in a team Canada approach, to all the people who are influencers in the United States. They can help by understanding the strong link between our two countries, and they can help us to make the points we want to make so that there isn't undue protectionism between the two countries.

Mr. Randy Hoback: Wouldn't it be helpful? Canada has very little ammunition, for lack of a better word, by itself. Wouldn't we be stronger if we had more of an international front with, let's say, the

U.K. or France? They are going to have similar issues with buy America as ours. Why wouldn't we get together with them and put on a stronger face in that type of light?

Hon. Marc Garneau: Well, Canada and the United States have the largest two-way trade in the world. Roughly 75% of what we export goes to the United States. As a result of that, this is an issue we regard as being between Canada and the United States.

Thank you for your help during CUSMA. If I have not acknowledged it, thank you for your efforts during that time. I think our negotiations on CUSMA were extremely successful, and I think we came into the right place. We intend to continue to do that as we move forward.

Mr. Chair, may I fine-tune, not correct, something I said to Monsieur Savard-Tremblay?

[*Translation*]

This is about the question he asked me earlier.

[*English*]

I don't want to interfere with Randy's time.

The Chair: Mr. Hoback's time is up.

Go ahead if you want, Minister, but make it very short, please.

[*Translation*]

Hon. Marc Garneau: Mr. Savard-Tremblay asked me whether the United States intended to amend the list of products subject to the Buy America provisions. President Biden did indeed say that he planned to do that. However, we don't have the details, and we don't know what products he is talking about. We will have to wait a bit longer to find out.

However, it is true that the president said so. That is not a secret.

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

[*English*]

The Chair: Thank you.

For the final question we'll go to Mr. Sarai for five minutes, please.

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

Minister, you've heard this from some of the colleagues across the aisle as well. One of the successes of the CUSMA negotiations was a bipartisan, multipartisan, all-Canadian approach. I was part of the Canada-U.S. interparl that visited many congressmen, congresswomen, governors and senators to emphasize the amount of trade they had and that Canada was usually the largest trading block for most states in the U.S., and if not the largest, then the second-largest trading block.

In the same light, when it comes to procurement—and I've asked this before, so I'm not expecting an actual dollar figure—would it not be very important that we emphasize to American states, congressional districts, senators and otherwise how much procurement Canadian companies do in the U.S.? Also, vice versa, how many American companies do procurement in Canada? If they put buy America provisions on Canadian goods, and if Canada were to do the same, how much would be put at risk?

Has that been emphasized? Have GAC officials been able to collect that data? Perhaps you can let us know what you've been doing to get that message across to them.

• (1600)

Hon. Marc Garneau: Thank you for your work. Passing those messages was an enormous outreach involving a lot of players south of the border.

When I was doing my part, yes, I can remember receiving sheets from GAC, from the trade side, that specifically talked in detail about how much trade was with that state, what products, how much they imported from Canada and how much they exported to Canada. Both sides of the ledger were provided, and that's the kind of information we were able to share with American lawmakers, with governors and with people in Washington so they realized it. Most of the time many of them admitted to not realizing just how extensive their linkages to Canada were.

Yes, you present both sides so they realize not only that is it important for them to be able to import certain products they want from Canada, but also how much their economy at the state level depends on being able to export to Canada as well.

Mr. Randeep Sarai: In the past, when speaking to your officials and trade officials, we've learned that the.... I think it was Mr. Verheul, who's here, who said it wasn't really a direct reaction to Canada but that this buy America is more of a reaction to other countries, particularly probably China and others who they may deem are dumping or flooding their market with cheaper procurement options, and they want to emphasize the United States-made products.

Can you also clarify, in your conversations with your counterparts in the U.S., that this provision is not intended to target Canadian goods but is intended to protect against others? Is that the case or not? Are they open to the idea of working with Canada to get an exemption for our procurement goods?

Hon. Marc Garneau: I think it was not intended. I'm going to interpret things here, but I don't believe the United States buy America policy was intended to be aimed at a particular country. I think it was a policy that the new administration decided to put in place.

Having said that, at the first encounter between our Prime Minister and the President, the subject was discussed, and it's been discussed several times since then. There is a realization in the United States that they would not want, through their policy, to have unintended consequences, because of the high level of integration in our supply chains between the two countries.

They are open to listening to us if we believe that something is having an unintended consequence. That is, in my opinion, a very

positive position on their part, and it shows they're sensitive to the importance of maintaining strong, integrated supply chains between our two countries.

The Chair: Thank you, Mr. Sarai.

This portion of the meeting is now coming to an end.

Thank you again, Minister, for taking the time. Thank you also, Mr. Verheul. It's always good to see you. Thank you also, Mr. Grant, for taking the time to enlighten this committee.

We will suspend for a few minutes to onboard the next panel.

Thank you, again.

Hon. Marc Garneau: Thank you.

• (1600)

(Pause)

• (1605)

The Chair: Welcome back, members. We are now in our second panel discussion.

With us today is Mr. William Reinsch, Scholl chair and senior adviser, Center for Strategic and International Studies. We also have here, from the Canadian Centre for Policy Alternatives, Mr. Stuart Trew, senior researcher. We're also hoping to have, once he's able to log on, from the Canadian Global Affairs Institute, Mr. Colin Robertson, vice-president and fellow.

Mr. Reinsch, we'll open the floor to you. I believe you have an opening statement. You can have the floor for five minutes. Please go ahead.

Mr. William Reinsch (Scholl Chair and Senior Adviser, Center for Strategic and International Studies, As an Individual): Thank you very much, Mr. Chair.

Thank you for the opportunity to testify. It's an honour to appear before this committee. I'm testifying in my personal capacity and expressing my own views.

The United States is currently entering a stage when buy American is likely to play a greater role in federal government policy, and for three reasons, I do not see immediate relief for those who oppose that.

The first is politics. "Buy American" has always been a popular slogan, and in last year's election, both our parties supported strong domestic procurement provisions. The voters the two parties are competing for, largely white, blue-collar workers in traditional manufacturing sectors, believe that buy American is an important policy that will create jobs for them, and President Biden seems determined to recapture as many of those voters as he can. Pursuing a more aggressive policy than President Trump did will be part of that effort.

The second reason is the COVID-19 pandemic, which has brought to light gaps in our supply chains that led to shortages of critical personal protective equipment, among other things. Many of them were short-term, and ultimately resolved through market adjustments, but U.S. citizens were left with the realization that we did not have everything we wanted at the moment we needed it, and the government wants to make sure that does not happen again. My understanding is that Canada is experiencing similar problems right now.

In starting that process, the administration, to its credit, has not proposed autarky and has acknowledged that working with our allies and partners is the best way forward. The extent to which that is lip service remains to be seen.

The result of the pandemic has been to refocus supply chain management on resiliency and redundancy. Managers need not only plan A, but plan B and plan C as well, and all those alternatives will involve more domestic sourcing or nearshoring. They will also involve some movement away from just-in-time manufacturing to rebuilding inventories.

The third reason is related to national security and grows out of our deteriorating relationship with China. In the last 10 years, there has been a significant change in public opinion in the United States about China. In 2011, 51% of those polled had a favourable view of China, and 36% had a negative view. In 2020, those numbers were more than reversed: 22% favourable and 73% unfavourable. This change has been echoed in the U.S. Congress, where elected officials of both parties have pronounced China a security threat and vie to see who can take the hardest line against it.

The debate has moved in two directions: running faster, improving our innovation capabilities in critical technologies to better compete with China, and slowing China down by restricting its access to U.S. technology. Both strategies have involved efforts to reorient supply chains away from China, sometimes by banning the use of Chinese equipment in the United States, as in the case of Huawei, and sometimes by encouraging companies to decouple from China and return manufacturing onshore.

At the same time, U.S. companies have been shortening their supply chains for reasons unrelated to U.S. government policy, in response to political uncertainties in some countries, rising wages or a desire to reduce transportation times and to be closer to their customers. The sharp economic downturn in the spring of 2020 due to COVID accelerated that trend.

All these factors have combined to push companies to restructure their supply chains in ways that favour domestic production. In addition, it appears the government will attempt to change its procurement rules further to favour domestic production. That will be a complicated undertaking, in part because 96% of federal procurement is already domestic. That number is a bit misleading, because we treat some parts and components incorporated into a product as domestic even if they are imported. Changing that methodology will force some manufacturers to adjust their supply chains to include more U.S. content.

Federal procurement contracts for goods in fiscal year 2019 amounted to \$231.4 billion U.S. in spending, a relatively small

amount compared to the size of the U.S. economy. The larger economic impact is likely to occur with respect to supply chain adjustments that U.S. companies make, either on their own or as a result of government pressure.

There, the key issue will be how we define national security. There were officials in the Trump administration who defined it very broadly, and a glance at President Biden's supply chain executive order shows similar breadth. He has ordered urgent studies on four critical sectors: semiconductor manufacturing and packaging, batteries, critical minerals and pharmaceuticals, but he has also ordered year-long studies of major sectors of the economy: the defence industrial base, public health, information and communications technology, energy, transportation and agriculture. Taken together, these sectors amount to nearly 60% of U.S. GDP. If all the studies recommend actions to reorient supply chains to the domestic economy, the administration's policy will have a significant impact.

Finally, as an American, it is not my place to suggest what your government might do with respect to U.S. policy, but nevertheless, I'll make some suggestions.

• (1610)

First, the premise of NAFTA was to further integrate the three North American economies, and I believe it succeeded. Economic integration on our continent, particularly between Canada and the United States, is inevitable and it would be useful for your government to continue to remind ours of that imperative from time to time. Instead of buy American, we should be buying North American.

Second, since our security interests are closely aligned and we both benefit from close defence co-operation, Canada could also work with the United States in developing a definition of national security that does not overreach and sweep into the domestic procurement pot a lot of things that shouldn't be there.

Third, the Canadian government could remind the United States of its obligations under the WTO government procurement agreement and of its obligation to provide compensation if it limits other nations' benefits.

Mr. Chair, thank you for the opportunity, and I'd be happy to take questions later on.

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

Now, Mr. Trew, you have the floor for five minutes. Go ahead, please.

Mr. Stuart Trew (Senior Researcher, Canadian Centre for Policy Alternatives): Thanks very much to the chair and to the committee for this chance to speak to you about the Biden administration's plan to tighten up the buy American and buy America rules.

First, I'll tell you a bit about me. I currently direct the trade and investment research project at the CCPA, which has been doing public interest research into Canadian trade and investment policy since the late 1990s.

I've split this presentation today into three parts. The first gives some context on the buy American policies themselves; the second is on the way in which I think we shouldn't respond, and the third is on the way in which I think we should respond to this moment.

The first point is that buy America is here to stay. As committee members know and have heard from other witnesses, buy America, buy American and other domestic preferences on U.S. procurement have existed for some time, and they enjoy broad bipartisan support. Buy American policies require federal agencies to favour domestic end products or domestic construction materials when procuring goods, except in situations where it would be impractical or overly expensive to do so. For example, if buying locally would be more than 25% more expensive than the lowest qualifying foreign bid, or where there is no domestic supplier, the agency can waive the buy American requirement at the federal level.

The buy America policy at the state level refers to a slate of domestic content statutes and regulations in which federal funding for state and local governments, mainly for transit and highway projects but also for water infrastructure, comes with domestic content quotas. These quotas generally relate to the use of American iron and steel and certain other manufactured goods, or they could apply again to the value of components in things like buses and railcars for public transit projects.

As the committee has heard, while many buy American measures at the federal level in the U.S. are generally waived—by regulation, not by statute—for Canada and other member countries to the WTO agreement on government procurement, buy America transfers to the lower levels of government are completely excluded from the U.S. GPA coverage even for the 37 states that have made other procurement commitments in that agreement.

The long-standing measures are standard operating procedure in the U.S. no matter who's in office, and the U.S. is well within its legal rights to continue them. We have very little leverage, in other words, to change these policies. I think the main unknowns, as this committee has already heard, are what exactly the buy America conditions that will apply in this specific new stimulus plan are and how he plans on changing or tightening up this waiver application process in response to criticism that the buy America contracts have been going to foreign firms. I think we have to put in there that the main focus seems to be on China with respect to this specific aspect of the buy America contracts.

So how should we not respond? Looking back at the Obama administration days, when they passed their own recovery act a decade ago with strings attached—buy America strings—we tried to negotiate a bilateral procurement agreement that would be bal-

anced, and it didn't go well. The end deal announced in 2010 was hugely lopsided in favour of the U.S. Canada largely opened up provincial and local government procurement to unconditional U.S. bids, in return for a tiny sliver of opportunity to bid on stimulus money in a handful of federal projects. This wasn't guaranteed access, obviously; it was an opportunity to bid on what was left of the money that hadn't already been spent. It amounted to about four or five billion dollars' worth of what was initially a \$275-billion U.S. procurement fund, so not a great deal at the end of the day.

Canada has since made permanent commitments in the WTO GPA to restrict provincial procurement flexibility and bilateral commitments with the EU to permanently cover municipal procurement. U.S. firms with a presence in Canada benefit from both of these agreements already, and as a result we have very little to offer the Americans in a new procurement deal. You could offer them a CETA-plus arrangement with municipal coverage, but that's exactly what we did in the CUSMA negotiations and they weren't interested, and I suspect the Biden administration wouldn't be interested now.

So instead of making a new deal or fretting over what Canadian products or components may or may not be excluded from Biden's new buy America plans, I think we should recognize, as this committee has already heard from other witnesses, that these same products and components—steel pipes, concrete, railcars, buses, transit, renewable power, broadband access, infrastructure, and water in particular—are needed here in Canada as well for the same purposes. The AFB at the CCPA recommends that we spend \$36 billion over the next eight years on new water infrastructure because we have a huge deficit in that area.

If we're going to spend the money, which I think we should, why not take a page out of the Biden playbook and find ways to channel some of that money to domestic manufacturing, local small and medium-sized enterprises, women-owned businesses, indigenous-owned businesses, etc., with all the spillover benefits that doing that would produce in Canada and the U.S.?

• (1615)

In summary, I would say that sustainability criteria on federal transfers to the provinces and territories that prioritize high-quality sustainable Canadian goods and services may even bring the Biden administration to the table to discuss, as we just heard from the previous witness, a potentially beneficial and mutually beneficial North American green jobs and procurement strategy.

I'm also happy to answer questions. Thanks very much for your time.

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

We're still trying to get Mr. Robertson hooked online, so what we may do is start with questions. If he does get a chance to come on-line, we'll just revert back to him.

For the first six minutes, we will go to Mr. Strahl, please.

Mr. Mark Strahl (Chilliwack—Hope, CPC): Thank you, Mr. Chair. I'm having some connection issues myself here in Chilliwack today, so bear with me, please.

My questions are for Mr. Reinsch.

I think that certainly at the Government of Canada level there was an almost celebratory mood when there was a change in administration. We figured that there would be a return to certainly a more predictable diplomacy, etc. I think a lot of Canadians perhaps thought that a lot of the protectionist types of tendencies of the Trump administration would be immediately rolled back and we would get back to being the good old friends singing together and cranking out deals to the benefit of both countries.

You alluded to it. It has been my observation that so far we actually have made very few gains, if any, in terms of our relationship with the new administration in terms of policy initiatives that would benefit Canada. We have seen the cancellation of the Keystone XL pipeline. We have another pipeline under threat with Line 5 in Michigan. We have no movement on the softwood lumber agreement, which has not been signed, and now we have this buy America issue.

Other than perhaps a friendlier and more predictable president, do you see any change from the Trump administration's protectionist measures with the Biden administration vis-à-vis its relationship with Canada? Or are we just in for more of the same for the next four years?

• (1620)

Mr. William Reinsch: I think the answer would be “not yet”, but I wouldn't lose hope. I think it's too soon to say where they'll come out on a number of these issues. Most of these things are under review.

I can't speak to Keystone. That was not an issue we have done any work on. I'm a trade person.

With respect to the other issues, the equivalent of your trade minister, Ambassador Tai only took office three weeks ago. Issues like lumber are things that are under review. I can't tell you that they are going to be the same as they were before.

As you've noted, there is obviously a difference in tone and a difference in rhetoric. There is a philosophical difference as well, which I think will come out. President Biden is a multilateralist in every sense of the word. He believes in co-operation. He believes in teamwork. President Trump was a unilateralist who believed in American sovereignty and was not interested in institutions' co-operation.

That leads also to the view that Biden looks at relationships holistically. Canada is not just about trade. It's about a whole range of issues, some of which you have discussed today. I think that works to the benefit of the relationship and the benefit of the things we're talking about in the long term.

I cannot, however, say that in the first almost three months of tenure they've taken a bunch of actions that should make you happy. They have not, and I think with respect to domestic procurement in particular they're unlikely to do so. When they produced their policy, someone asked them, “What's the difference between you and Trump?” The answer was essentially, “Well, his didn't work and ours will”, so I'm not sure that's a good sign.

Mr. Mark Strahl: You mentioned a number of issues. We've talked about the political reasons already. I think the two-year election cycle the U.S. has makes it very difficult to do difficult things and have some time pass before someone.... Someone is always in a mid-term or a congressional race or something. It is all very short-term in terms of negotiating or proposing things on international trade. But I think there is some common ground here in what you're proposing. I think Canadians have recognized gaps in our own supply chains, our own manufacturing capability, etc.

I want to go to the China relationship. Is there an opportunity for Canada to be a part of a new international alliance perhaps that is no longer reliant...? I know President Biden has gone down that road, but are we really all going to have to go down this road separately, or can we find a way to do this in a unified way, where nations with common cause and common values can perhaps create their own integrated supply chains and not all be looking out for just national interests? Why do we need to create all of this separately? Can we not do it in an integrated way, especially between Canada and the U.S.?

Mr. William Reinsch: His intention is clearly to develop a coalition and a common approach towards China, and Canada would be an integral part of that.

My understanding of their views on China is that they intend to take the next year, essentially, building the kind of coalition you're talking about. We are not, at least at CSIS, looking for major changes in our China trade policy in the interim. I don't think the things that are in place will go away, but I don't think new things will be arriving. I think they intend to work with our allies first to see if we can get everybody on the same page, and then try to tackle the problem collectively.

Mr. Mark Strahl: My final question is about the tax that has been proposed by the Biden administration on worldwide U.S. corporate income as part of his infrastructure plan. Will that have the same impact as buy American? It's a separate tool, obviously. Could you speak briefly about what you feel the impact will be on maybe reshoring U.S. manufacturing using the tax system?

• (1625)

Mr. William Reinsch: You're not referring to the proposal he just made to the OECD; you're referring to the proposal in his legislation. Is that fair?

Mr. Mark Strahl: Yes, that was part of his multi-trillion dollar infrastructure announcement.

Mr. William Reinsch: That's a good question.

It's still a little too soon to say, partly because, as those of you who work with tax legislation know, the devil is in the details. There's no legislation yet; there's only a concept, so it's a little hard to say.

I think the effect would fall largely on American multinational companies that have already offshored their production. I think in the end there might be incentives for them to reshore, to come back here. I don't see a large impact on non-American multinationals.

One of the criticisms of his proposal, which I have not analyzed myself, is that it may have the effect of encouraging corporate inversions, which is what President Trump's tax bill attempted to stop, and actually did stop fairly effectively. It had other negative effects, but it stopped inversions. There's some feeling the Biden proposal may be a step backwards in that respect.

I don't see a major impact on non-U.S. multinational companies, though.

Mr. Mark Strahl: Thank you.

The Chair: Thank you, Mr. Strahl.

Welcome, Mr. Robertson.

Are you able to hear us? We can give you some time, if you want.

Mr. Colin Robertson (Vice-President and Fellow, Canadian Global Affairs Institute): Is that better?

The Chair: It's better.

Do you have a headset, by any chance?

Mr. Colin Robertson: Unfortunately, we had to switch.... I spent the last hour trying to get in. I'm on my iPad and the connection for the headset doesn't work.

The Chair: It just makes it easier for the interpretation.

Mr. Colin Robertson: Yes. I'm just going to see if this will work.

The Chair: Why don't we suspend for a few moments, just to give Mr. Robertson the chance to do that?

• (1625)

(Pause)

• (1625)

The Chair: We're resuming the meeting.

Mr. Robertson, I understand you have opening comments. We'll give you five minutes to make your comments, please.

Mr. Colin Robertson: Thank you.

My experience with buy America began in Albany in 1981, when my then boss consul general Ken Taylor and I travelled from New York City to Albany to see then governor Hugh Carey to push back on buy New York policies on steel and cement, an experience that over the years I would repeat in different states and on Capitol Hill.

Protectionism through preferential procurement policies for goods and services is not particular to the United States. It is practised by all nations, including Canada, and at every level of government.

If all politics is local, so is trade. Voters prefer that their tax dollars be spent locally, even though buying local generally costs more and provides less choice. But these are economists' arguments, and they don't matter much to the public. Neither does the bleat that Canada deserves an exemption from buy America because we are America's friend and neighbour. While polls consistently show that Americans like Canada more than any other nation—in fact, more than we like them—the business of America is business.

We've learned to deal with buy America policies on four levels.

First is by negotiating a procurement agreement within our trade agreements, as with defence production sharing. At the Trump administration's insistence, there is no procurement chapter in the current Canada-U.S.-Mexico Agreement. Yet, much of what was included in the NAFTA is included in the WTO's plurilateral agreement on government procurement. There are more likely to be deletions from the entities listed in this agreement, given the current protectionist mood on both sides of the aisle in Congress and the "Made in America" approach of the Biden administration.

Second is to offer reciprocity in procurement at the state and province level, because that is where the money is spent. This is how we dealt with President Obama's Recovery Act program in the wake of the 2008-09 recession. Prime Minister Harper turned to the premiers' Council of the Federation. Premier Jean Charest and his successor as chair, Premier Brad Wall, reached out to their governor counterparts, including through a trip by seven premiers to the National Governors Association in February 2010, to make the case for reciprocity.

The arguments that the premiers made then still apply. By opening to outside vendors, local cartels' ability to game the market was curtailed. Competition means better value. Most states are constitutionally prevented from running deficits. Governors need to make their dollars count, especially as they face huge costs in public services because of the pandemic. The 2010 Canada-U.S. Agreement on Government Procurement did not include every state nor cover every sector, but it did open procurement opportunities for Canada.

Third, working with labour is vital. When our unions are part of the negotiations, as we saw during the CUSMA negotiations, we make progress. United Steelworkers leads the charge for buy America, but their membership is both Canadian and American. In the early 1990s, we gained respite from buy America on steel because then trade minister Michael Wilson went to Washington with then Canadian Steelworkers national director, later Steelworkers president, Leo Gerard. After talks with then Steelworkers president Lynn Williams, the administration agreed that buy America would not apply.

Fourth, with those Americans we buy from and sell to, we need to make permanent our campaign that making things together is mutually profitable for jobs and prosperity. Look at our mutually profitable integrated auto trade. Before a car is assembled, its parts have criss-crossed the border at least six times. A car assembled in Canada contains 60% American-made parts, often from Canadian manufacturers with U.S. operations, like Magna, Martinrea or Linamar.

We need to underline that our regulatory standards, especially labour and environmental, are commensurate with those of the United States. We also need to avoid the "tyranny of small differences" that keeps us out of the U.S. market.

Given America's growing national security concerns about reliable supply and resiliency, we need to point out that we are their closest ally and the source of their energy independence, including for the critical minerals required for next-generation manufacturing. When it becomes an American issue with Americans who want to preserve their supply chains, we increase our success rate, as we witnessed with the dismissal of the Trump tariffs on steel and aluminum.

To conclude, there is no magic bullet for buy America. Hoping for an exemption because we are Canadian won't work. We need to make our case around reciprocity and better value, while underlining the security of our mutually beneficial supply chains. Buy America is not going away, so making our case must be a permanent campaign, a team Canada effort involving the Prime Minister, premiers, cabinets and legislators working with business and labour.

Thank you, Chair.

● (1630)

The Chair: Thank you, Mr. Robertson.

We'll now go to Mr. Oliphant, please, for six minutes.

Mr. Robert Oliphant (Don Valley West, Lib.): Thank you to all the witnesses.

I want to begin with respect to the last panel. Mr. Hoback mentioned the important role of parliamentarians in the negotiation of the new NAFTA deal, and I want to echo that. Even as the chair of the public safety committee, I led a delegation, and I very much chose the Conservative vice-chair, Tony Clement at the time, to co-chair every meeting that we were in as we met legislators in the United States. He had much more experience than I did. The two of us were able to do that.

Also, I think, as Mr. Hoback was mentioning, Matthew... What was Matthew's last name, Brian? It was not Dubois....

● (1635)

Mr. Brian Masse: We had a couple of Matthews.

Mr. Robert Oliphant: At any rate, Matthew from the NDP was a good friend, and it was a very successful thing.

Mr. Brian Masse: That is non-partisan and very kind of you, Rob.

Mr. Robert Oliphant: What we were doing at that time—

Mr. Brian Masse: It was Matthew Dubé.

Mr. Robert Oliphant: Yes, it was Matthew Dubé. I'm sorry. Don't tell him I forgot.

I would take exception to Mr. Trew's absolutely sort of nihilistic view of Mr. Harper's attempt with the Obama situation in his buy America program. It wasn't a good solution, but I'm not sure that it was as horrible as some of the labour unions suggested. I think our approach with the new NAFTA was much better, because it was much less partisan. It involved labour unions. It involved senior leadership from the Conservative Party and the NDP. It involved business. It involved premiers.

Obviously, I am going to start out by saying that this needs to be our approach this time. We need to have a broad-based approach.

I'm appreciating that it's not going away. Mr. Robertson was very right. This is something that is here to stay. I think all the witnesses have said that, so now, as I'm looking at it, if it's here to stay and we need an all-party approach and a multi-level approach, what are our levers?

When I spoke to American legislators, I was astounded at their lack of information and knowledge about their dependence on the Canadian economy and Canadian supply chains. I was astounded that they didn't know about the integration of our manufacturing sectors. I was astounded that they didn't know about the dependence that the United States had not only on our natural resources but on other sectors. Information has to be part of it.

On leverage, though, I'd like all our witnesses to comment on what levers they think that we, as a Canadian government and a Canadian Parliament, can bring to bear, knowing that we start out with a position that a strong American economy and a strong Canadian economy are not mutually exclusive—they're interdependent.

I will open it up to the order in which you spoke, with Mr. Reinsch first.

Mr. William Reinsch: Thank you very much, Mr. Oliphant.

Let me begin by saying that having worked in Congress for 20 years and then serving in the Clinton administration and then in the private sector, I've seen this issue from multiple angles. I can tell you with confidence that your government—regardless of which party is in power at the moment—and your embassy have done an absolutely superb job over the years in providing the United States Congress with exactly the information you're talking about. That doesn't mean that they pay any attention to it or that they read it, but your government has been diligent in developing the information that demonstrates the linkages you're talking about.

I guess my first point would be to say, "Keep on doing that." One of the things that I think one learns in politics is that repetition is an important element. You have to keep saying the same thing over and over again. With our congresspeople, I think it's important to do that.

Also, it's very effective to do it in the way you referred to in your remarks: to do it personally—which of course is more difficult now, but it won't be forever—and in direct contact with legislative colleagues in Congress. Forming relationships—personal relationships and cross-border relationships—is also effective.

The information is there. The information is available. I mean, these are teachable moments, but we also have to have learners, and sometimes you have to just keep pounding it in over and over again. I wish I had something more brilliant, but I don't.

Mr. Robert Oliphant: Can I give Mr. Trew a chance?

Mr. Stuart Trew: Thank you, Mr. Oliphant, for the question.

I'm not sure I would say that our assessment of the first buy America deal was nihilistic. I think that is not quite the right word.

In terms of the leverage we have now with the Biden administration, I would say we should be working with them where we can. Where we see Biden saying he wants to reform these procurement rules at the WTO, for example, to make it easier for all govern-

ments to use public spending in these ways to support domestic priorities—whether it's renewal in the case of post-COVID recovery, whether it's job creation or those kinds of things—that's an area in which we could work with the Biden administration to reform the trade agenda, as we kind of did under the Trump administration with respect to investor-state dispute settlement.

We've kind of started to come up with new thinking around ISDS, that maybe we don't need to be included in these agreements, that maybe the threats to Canadian environmental policy and other measures.... As Minister Freeland mentioned, when we signed the deal, we said, "Thank God we got rid of ISDS. Now we can actually have more flexibility around these policies."

I would encourage us to work with the Biden administration on these interesting areas in which we can put these things like sustainable development and trade into a better balance than perhaps they are now.

● (1640)

The Chair: Thank you, Mr. Oliphant. I'm sorry, we're over time.

[*Translation*]

Mr. Savard-Tremblay now has the floor for six minutes.

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

Hello to all the witnesses. I thank them for their attendance and their testimony.

Mr. Trew, I listened carefully to what you had to tell us. I also read your text, which is very interesting. I really like it when ideas come from beaten paths. I also appreciate your suggestions to increase environmental partnerships. You actually did a good job of describing this kind of a cycle where there is an outcry over protectionism, but it ends up being pointless, except perhaps to hide behind complaints and words of umbrage.

You are putting forward certain ideas, but I would like to know more concretely what actions could be taken. For example, you talk about something equivalent to the Buy America provisions and to the Buy American Act that could be applied in Canada in order to come to an agreement with the United States that could be referred to as Buy North American. Could you tell us more about that?

[*English*]

Mr. Stuart Trew: Thanks very much, Mr. Savard-Tremblay.

We talked about the steelworkers recently. The steelworkers have done some good work on this through Blue Green Canada. They have a proposal for sustainable purchasing at multiple levels of government. It would factor in things like the carbon emissions of Canadian cement versus those of international cement or steel or aluminum. As the committee has heard, we have some of the cleanest aluminum and steel in the world. Applying those kinds of criteria would in effect favour local production, local jobs and local workers, without running afoul of our trade obligations, which, as I think you know, currently prohibit those kinds of clauses.

That's one angle that I think we could think about in terms of sustainability criteria versus having explicit buy local or buy Canadian criteria, which are prohibited under a lot of Canadian trade deals.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: Thank you for your answer.

You also talked about increasing environmental partnerships. Finally, there is talk of an agreement concerning public markets. Am I summarizing it properly? This would be an agreement under which the two countries would open their public markets on the issue, for instance, of renewable energy, which you talk about. Businesses could be treated equally under public renewable energy contracts.

That said, doesn't each country have an interest in supporting its own production? Although the renewable energy market is very beneficial for the environment, isn't there a risk of falling back into the lowest bidder logic, which could work against us?

[*English*]

Mr. Stuart Trew: On things like renewable power, I think I heard Mr. Verheul propose that this is an area in which we might be able to get some kind of sectoral arrangement with the United States, rather than a full-on waiver for everything, which is probably unlikely outside of the buy American policies, for which, in many cases, we would have a waiver.

If we think about how we could negotiate something with the Biden administration in a sector like that, I think in this environment—where certain of these trade rules that were once considered strict and unmovable are now all of a sudden quite movable and when we've seen where the Biden administration is going—I wouldn't rule out ideas like production sharing and maybe an auto pact type arrangement under which we can agree to share the production of these things that we know we need to build quickly and roll out in order to decarbonize our economy and get people working.

That's just another idea in terms of the different ways in which we can think of climate jobs and trade policy now.

• (1645)

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: This is an approach we should definitely look into.

Your text also highlights the issue of good regulatory mechanisms. That is actually something we raised with other stakehold-

ers, when the Canada-United States-Mexico Agreement was presented. Do you think we should find a way to override that aspect of CUSMA, for example, in a discussion between the two countries?

[*English*]

Mr. Stuart Trew: If I understand your question with respect to the good regulatory practices chapter of the USMCA, the CUSMA, I suppose we'll have to see how that chapter works out in the end. There have been concerns raised by some U.S. businesses around how Canada's plastics management plan might violate that chapter. If they end up pursuing that, then maybe we do have to think about, as you say, some kind of official waiver from the chapter itself, because it seems like a pretty excessive use of the chapter to challenge something like a government's plan to reduce the single-use plastics in the environment.

I haven't thought about it too much, but it's an interesting question.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: At the very least, this should be considered closely.

The matter of plastics—

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

Mr. Simon-Pierre Savard-Tremblay: I am being told that my time is up.

Thank you.

[*English*]

The Chair: For the next six minutes, we'll go to Mr. Masse, please.

Mr. Brian Masse: Thank you, Mr. Chair.

Thank you to our witnesses for being here.

I have a general question to everyone right now. What I was trying to get at with the previous witnesses.... Mr. Oliphant raised it. What his delegation did helps my riding of Windsor West. I'm on the border here with 40% of our trade and all kinds of cultural and social issues. What I was trying to get to with the last panel was that right now we don't have a border task force that includes the private sector, unions, civil society and so forth to work on our border policies. Sometimes they get entangled; some are outdated, some need tweaking and so forth. And with COVID, it's even more complicated. The point is that the cabinet and the order in council are very secretive. There are no minutes, no provision for the public to have full access to documents and to see what's going on, what's on the table and what's not. I don't think that's a helpful process right now.

A good example is that Mr. Sarai and I have been in the United States, lobbying. Mr. McKay and I have been to so many meetings over the years, and Mr. Hoback and I covered tons of ground in Washington as well, opening up doors and creating conversations the government wouldn't even have access to because either they don't have the people there or they don't have the diversity because they don't represent all of Canada. They represent the political party in power at the time.

My question is general, maybe starting with Mr. Trew and going across the board. Would it not make sense to have some type of a working group or working model that has some type of accountability and openness to the public? I have so many concerned citizens who can't see their relatives or families. They have no idea, month by month, what to go by. They're not asking for things to be unsafe. Then we have issues with our mould-makers, a very particular industry, who are left behind, and we have a series of other types of measures in place that could require some tweaking and that can build stronger economic ties more efficiently.

Mr. Trew, if you think it's a bad idea, say so. I don't mind. It's not going to hurt my feelings.

Mr. Stuart Trew: It sounds like a good idea to me, and you're the expert on this, Mr. Masse. I would add the municipal governments to that mix as well; I think maybe you mentioned them. Especially when we're talking about procurement, this is an area where we saw during the CETA negotiations, for example, that there was widespread opposition among municipalities to being included in that agreement and permanently bound to those GPA rules now on government procurement, so make sure they're in there.

That could be quite exciting. I think it's a good idea.

Mr. Brian Masse: It's a great suggestion.

Is there anybody else?

Mr. William Reinsch: Yes. I don't want to tell you it's a bad idea, but I won't tell you it's a good idea either. Over the years, I confess I've become cynical about structural solutions. I think structures are things you create when you don't know what else to do, and they don't necessarily solve the problem. They just create another forum to discuss solving the problem.

On the other hand, if you believe there's insufficient transparency on border issues, then the solution you're talking about would have a favourable impact on creating more transparency. Second, if you believe that your concerns are not being adequately attended to in Washington, that nobody is paying attention and you can't get the attention of relevant authorities, then creating a special structure would probably address that as well.

You're a better judge than I am of whether those two needs need to be met.

• (1650)

Mr. Brian Masse: That's a fair criticism about that. I appreciate that.

One of the things I liked were our former auto policies. We used to measure results and have measurement criteria specifically for that every year. It's some very good advice.

Go ahead, Mr. Robertson.

Mr. Colin Robertson: We've had a long trade screen when we cross the border. After 9/11, we had a security screen. We're now going to add a health screen. We need to look at border crossings.

Regionally, there's very good work being done by the Pacific NorthWest Economic Region out there in terms of pilots as to how to make the border work better. There's something going on at the

Wilson Center. Ultimately, it's going to be the Prime Minister and the premiers, in their Thursday night conversations, who will make the decisions on where we go.

It's an opportunity for us to also think about how we reimagine this border, post COVID. Yes, we should be looking at this, and we shouldn't be bound by the notion that one size fits all. There may be a variety of things we can try, opening it in certain parts of the.... We have a massive border. It's not just the 49th parallel; it's also the border between Yukon and Alaska.

Yes, I would agree with your approach.

Mr. Brian Masse: One of the strengths we've had is that, even though we may not have the final decision as members of the Canada-United States Inter-Parliamentary Group, we're chirping at people all the time, and they're chirping back at their people all through the system. They're hearing it several ways and getting issues you'd never think of before.

I want to quickly move to Mr. Trew, because you mentioned something with regard to, almost, a domestic procurement policy. That's something I got advice on from a former U.S. congressman. He passed away. Mr. Oberstar was a long-representing transport committee person as well. He was a very good person in many respects. He was part of our Canada-U.S.... He mentioned to me that we should consider a buy Canada policy as part of a negotiation tactic to push back a bit on some of these things that might seem almost to the point they're silly between us, like digging up pipes and infrastructure and so forth.

Is that what you're kind of suggesting, that element? I'll segue there really quickly to why I think it might lead to.... When I talked about the microchip issue, it is to partner on that where we are domestically bound to China's production, and this is for a microchip that's necessary for a PlayStation, a minivan and a toaster. This is where we've put our vulnerability. Is that the goal of domestic procurement, that it could also lead and open up dialogue to creating maybe some co-production for North America?

Mr. Stuart Trew: I would say yes. A buy Canadian policy is probably out of the question at this point, given the commitments we've made recently in the CETA and other agreements, but, as we've been proposing and other unions have been proposing, there can be sustainability criteria attached to public spending that would have similar effects.

You can also think, perhaps, of Canada's building on its global leadership on gender-friendly, gender-based trade, where we look at how we bring more women-owned businesses into procurement opportunities within Canada. We could have something similar to a trade commissioner's service, for example, but domestically, to help small and medium-sized enterprises, women-owned businesses and indigenous-owned businesses to find the procurement opportunities that are available across Canada. The effect is that you're helping these companies get into those opportunities, but you're not doing it with strictly buy Canadian.

A buy sustainable policy that had the same effect would potentially bring the Biden administration to the table, because it might have the effect of excluding certain American companies.

Mr. Brian Masse: Some of the infrastructure projects over here, like the Gordie Howe bridge, are something I've been after since 1997.

At any rate, the U.S. has provisions to allow for access to minorities, women and others who are disenfranchised historically through the economic system, so that they get a portion or a carve-out. I guess you're saying the same type of thing in some respects. That wouldn't violate our policies because they're already doing it there.

Mr. Stuart Trew: It wouldn't strictly. We didn't seek, within the GPA or the WTO, a carve-out for those policies like the U.S. has. We don't have a carve-out or set-asides for minority-owned businesses or women-owned businesses. I don't see that as a reason not to pursue them. I don't think we should be avoiding risks like that for good policy.

• (1655)

The Chair: Thank you, Mr. Masse.

Colleagues, it looks like we have five minutes left, so I don't think we'll have a chance to go into the second round. I will—

Ms. Leona Alleslev: No.

The Chair: I'm sorry, but it's 4:55 now. It wouldn't be fair to everybody [*Technical difficulty—Editor*], so I'll thank the witnesses on behalf of the committee.

Thank you Mr. Reinsch, Mr. Trew and Mr. Robertson for your comments today and helping us discover more about this policy that the United States is thinking of enacting. On behalf of the committee, we really appreciate your comments.

Thank you to the committee. I hope you have a great weekend.

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