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

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Chair: Mr. Raj Saini





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• (1830)

[English]

**The Chair (Mr. Raj Saini (Kitchener Centre, Lib.)):** Welcome, members, to the eleventh meeting of the Special Committee on the Economic Relationship between Canada and the United States. Pursuant to the motion adopted by the House on February 16, special committee is meeting to discuss the economic relationship between Canada and the United States.

Today we are continuing our examination of buy American procurement policies. I would like to welcome our witnesses, who are both returning for a second time. From the Canadian American Business Council, we have Maryscott Greenwood, chief executive officer. From the Canadian Chamber of Commerce, we have Mr. Mark Agnew, vice-president, policy and international.

Ms. Greenwood, please go ahead for five minutes with your opening comments.

**Ms. Maryscott Greenwood (Chief Executive Officer, Canadian American Business Council):** Good evening, Mr. Chair and members of the committee. It's good to be back with you again today.

The policy known as buy American has been a large and remarkably deep-rooted fact on the economic ground of our continent for generations. The Canadian American Business Council has grappled with it repeatedly since our founding more than three decades ago. The issue seems to reassert itself more urgently with each new administration and, more particularly, with each new fiscal crisis.

The Biden administration's infrastructure and economic recovery package proposes spending trillions—all packaged with a buy American caveat. Canada has objections, of course, but effective criticism always rests on a thorough understanding of the counterparty's rationale.

It's useful to consider why buy American is so consistently deployed by U.S. legislators and policy-makers. Put simply, buy American codifies the idea that restricting foreign inputs will help create U.S. jobs. While that school of thought—much as I disagree with it—may actually have some merit where other countries are concerned, the exact opposite is true with respect to Canada.

Given the extent of integration between our two economies, which has developed since the first free trade agreement, the best way to create more American jobs is to deepen that integration even further. We have never been more interdependent. Given our reality, trade barriers against each other are particularly self-defeat-

ing and costly. The buy American policy will actually redound on the American workforce and cost American jobs.

It is also important to consider that buy American is nothing new. It should not be taken as some sort of contempt for or indifference to Canada. Governments led by Republicans and by Democrats at the federal and state levels have imposed buy American restrictions on public spending for literally generations, or at least as long as I've been paying attention, which is a long time. To be fair, let's recognize that imposing domestic preferences for public spending is not a uniquely American practice. Trade agreements around the world allow for a certain amount of protectionism. Yes, Canada has opened up its procurement in recent years, but it still fights hard to limit foreign access in certain sectors. The Canadian public actually demands it. You know that better than I do.

That said, we are concerned by the extent of the buy American provisions in the new U.S. legislation. We submit that unless Canada is granted an exemption, a carve-out or, if you will, a “carve-in”, the spending rules will quickly crash into some unfor- giving facts.

Take New Jersey. Canada is New Jersey's second-biggest export market. New Jersey sells more goods to Canada than to its next two largest markets combined and it imports billions worth of Canadian goods. Nearly 180,000 New Jersey jobs depend on smooth cross-border supply chains. Buy American would disrupt those chains and reduce the availability of competitively priced Canadian supplies to New Jersey businesses. That means inefficiency. Inefficiency costs jobs. That's just in New Jersey. Almost every other state in the United States has the same economic reality.

Take PPE. Canada is a top supplier of personal protective equipment to the United States. Let's not forget that the previous administration, at the outset of the pandemic, attempted to restrict export of N95 masks to Canada and the Caribbean, but then quickly backed off. Why? Because Canada provides inputs to critical PPE and medical supplies to the United States. The dependence is mutual.

There's another example that we know directly relates to the big economic recovery package. President Biden's infrastructure plan will focus, as we know, on clean energy like wind farms. By the way, happy Earth Day. Quebec companies produce some of the most sought-after wind turbine components in the world. Texas produces more wind energy, by far, than any other state. It's a natural market marriage. Every week, a CN train pulls out of New Richmond, Quebec, loaded with turbine towers or those gigantic, 120-foot-long blades. It makes its way to Chicago and then down the Mississippi to the gulf. Since 2016, CN has moved about 9,000 Canadian-made turbine components to wind farms along its network in the United States. This trade in wind turbines is a direct result of our three consecutive free trade treaties. Restricting it would simply cost American and Canadian jobs.

A smaller, but perhaps more glaring example is under construction right now in Bettendorf, Iowa. The city is building a new bridge and proposes to install a set of elevators to lift pedestrians and cyclists up from ground level to the bridge's pedestrian/bike trail. Local officials have realized that some of the necessary parts for the elevators are only made in Canada. Unless some buy American restrictions are waived, Bettendorf will have to order the parts custom-made in the U.S., doubling the \$427,000 cost of the elevators.

- (1835)

We would argue that Bettendorf's dilemma in one form or another will be repeated across the United States on a vast and expanding scale, unless Canada is carved out, or carved in, if you will, from buy American.

Canada will need an exemption. It's a reasonable ask, and there's precedent. Back in 2009, Canada obtained an exemption that allowed Canadian businesses to compete for hundreds of billions in stimulus spending after the housing meltdown.

How did that exemption come to pass? Ask Canada's ambassador at the time, Gary Doer. He worked with the steelworkers' union, which had members on both sides of the border, and a collective voice mighty enough to make itself heard in the White House. As Ambassador Doer likes to tell it, he got the American hard hats involved and appealed to their self-interest.

This time around, Canada will need just as compelling a message. We have built a system of mutually assured growth. Let's not disrupt it.

The Canadian American Business Council advocates ceaselessly to reduce red tape at the border, streamline and match industrial policies, and generally make commerce between our countries smoother and easier.

Buy America may be intuitive for American policy-makers. It should be equally intuitive for Canada to vigorously make the self-evident case for an exemption—a carve-out or a carve-in. The CABC is there to help. Our countries need to recover economically, and we need to do it together.

We actually have a North American rebound campaign that I think we've talked about in the past. I'd be delighted to talk with you about it more if you'd like to tonight.

Thank you ever so much.

**The Chair:** Thank you, Ms. Greenwood. It's always a pleasure to have you here.

Now we will go to Mr. Agnew for five minutes, please.

**Mr. Mark Agnew (Vice-President, Policy and International, Canadian Chamber of Commerce):** Mr. Chair, and members thank you once again for the opportunity to meet with the committee.

Scotty, we should really stop meeting like this at committee as well.

Since my last appearance, the Canadian Chamber launched our Canada-U.S. relations initiative that covers five critical areas in the relationship: the border, environment and natural resources, regulatory co-operation, buy American, and defence and security supply chain issues.

We look forward to engaging with committee members on all the above, but really it's the latter two that are the most germane to my appearance with the committee for the next couple of minutes.

I don't need to belabour the point to this committee that the Canadian business community's concern with procurement practices in the United States is an ongoing area of concern, as they risk our being shut out of the American market.

What I instead want to spend the next few minutes talking about are six actual forward-looking ideas to ensure our integration into American supply chains and access to U.S. procurement markets. We hope that the committee will be able to highlight these in their report to the government in the coming weeks.

First, we should look comprehensively at the importance of goods and services. There's a risk that we myopically focus on goods and forget the importance of high-value services. Just last week the U.S. subsidiary of a Canadian company, for example, was awarded a joint venture contract worth up to \$2 billion for design and services related to work for the United States Air Force. This demonstrates the value of services, particularly if you're talking about support contracts that can last years instead of a one-and-done deal that comes with the delivery of a physical product.

Second, we need to know what we're bringing to the table as Canada. In 2008-09 when we had the bilateral negotiation with the Americans, we had gone through a fairly bruising process, and I don't think anyone wants to go through that type of arrangement again, given we that have just gone through the USMCA discussions. We need to think about how we can be a serious partner. This includes CUSMA implementation, supporting North American supply chain resiliency, leveraging critical minerals, and perhaps even our own procurement practices to think about buy North American suggestions, particularly, for example, in the defence and security industry.

There is tremendous potential to partner and work with U.S. firms, and also to provide world-class expertise in the clean energy sector. This includes, for example, partnerships on hydroelectricity facilities, or on small modular reactors.

Third, we need to recognize the unique nature of our defence and security industrial base. The DPSA and other arrangements are critical tools for Canada to maintain access to the American market, and we would encourage the committee to explore in its recommendations how these arrangements could be codified to provide further certainty for Canadian companies. The continental industrial base is critical to continental defence and cannot be separated.

Fourth is the importance of engaging on emerging buy clean initiatives. The recently introduced CLEAN Future Act would establish a buy clean program that would set performance targets for projects that receive federal funding. It was introduced with a very explicit goal to bolster U.S. manufacturing competitiveness, and we need to ensure that the standards used in its implementation do not shut out Canadian companies from the market.

Our approach is to seek to address climate challenges while also generating economic opportunities in environmentally sustainable technologies, goods and services. This also means positioning Canada by positively leveraging our low-carbon footprint products.

Fifth, industry and government collaboration is critical. The Canadian Chamber and our members worked closely with the government during the CUSMA negotiations. Another example is when the government and chamber members collaborated last year on the U.S.'s 2021 defence appropriations legislation, which did not pass with provisions that would have been detrimental to Canadian exporters in the defence and security industry.

The Biden administration's supply chain executive order thankfully recognized the importance of consultation with allies, and we're calling on the government to engage in those reviews and collaborate with industry to ensure that a Canadian view is well represented in those processes.

Sixth, and last but not least, is that we need better data. Buy American and buy America, its cousin, are hideously complex when combined with the WTO GPA commitments, waivers and various subnational programs, and this comes from someone who has spent over a decade working in trade policy. There is not really solid data in the public domain about Canadian access to U.S. procurement markets. Canadian businesses, and I personally, would like to get a better handle on the true scope of the problem, and

companies likewise want to know where they should invest their business development efforts most effectively.

As I said in a recent media interview, there are few who wake up in the morning in Washington thinking about how to do Canadian businesses a favour. Maybe Scotty is perhaps an exception to that. There are a multiplicity of interests inside Washington, and our embassy is ably led by Ambassador Kirsten Hillman, who does a fantastic job on behalf of Canada, but we are at a critical moment in the relationship, and we need to drive home the point of why it is in America's self-interest to work with us.

The Canadian Chamber looks forward to continuing to work with this committee. I would be glad to answer any questions.

• (1840)

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

We will start off with the questions.

We will have Mr. Hoback, for six minutes, please.

**Mr. Randy Hoback (Prince Albert, CPC):** Thank you, Chair; and thank you, witnesses. I feel that I should just pour you a cup of coffee. It's like we're sitting here having coffee as we used to do in the good old days.

Scotty, you're ahead of me.

The first thing I want to do is thank the Governor of North Dakota. He made a gesture of goodwill this week in offering to vaccinate our truck drivers who cross the border back and forth. He's going to vaccinate truck drivers out of Manitoba and North Dakota. That's a good example of a good neighbour. What a great neighbour to do that for us. We're struggling here to get enough vaccines in the arms of our essential workers and our population, and to see him do this is just a really good gesture.

I wish now we could take that gesture and just build upon it. I know we talked about the last negotiations on the USMCA. One of the opportunities lost was to build that North American empire where Canada, the U.S. and Mexico were working together, taking our efficiencies and our knowledge and putting it together and taking on the world. We missed a lot of that, and now with buy America, it seems as though we're going to miss it again.

Ms. Greenwood, one thing you talked about that I thought we did fairly well in the CUSMA negotiations is that we spent a lot of time educating our American colleagues on the importance of the relationship. In COVID times, we can't do it like we did before.

Mr. Doer did it right. He engaged the labour force in the U.S. and did it that way.

Have you seen Canada doing that, at this point in time, and how effective is that?

• (1845)

**Ms. Maryscott Greenwood:** Thank you so much, Mr. Hoback.

You know, everybody is meeting like this now. Everybody is meeting by Zoom, and in many ways, policy-makers are easier to reach because they're not travelling very much. It's continuing to engage in this type of format until you're able to engage directly.

There's an in-person meeting of the Pacific North West Economic Region. That's a regional group that includes state, provincial and federal leaders. It's going to be in Montana in August. I think there are a lot of Americans who are going, and there's a hope that it will be possible for Canadians to come as well. Participating in those bilateral sessions is also a good way to do it.

The embassy here does a phenomenal job, as you know, but they can't do it alone. They need everybody helping and leveraging their relationships in order to expand the outreach that you discussed.

**Mr. Randy Hoback:** How do you take a message? Buy America is talking about creating American jobs, but I often wonder about the value for American taxpayers. What about value for those jobs? There's a certain point where it just doesn't make sense to do certain jobs in the U.S. because it's just too expensive. There's certain componentry that you just don't make in the U.S. It's just too expensive.

Where does the U.S. find that balance? When does the taxpayer say, "Wait a minute; that's not value for that job."

Where do you see that fitting into this whole equation?

**Ms. Maryscott Greenwood:** It's U.S. companies and U.S. entities that end up having to make the case to their policy-makers.

I mentioned the example of a city in Iowa. They're making a bridge and they're getting the parts for the elevators from Canada. If they had to make them themselves, it would literally double the cost of the bridge, and the City of Bettendorf, Iowa, doesn't have double the funding. Therefore, it just becomes self-evident that it makes sense.

There's a difference between buying from Canada and buying from literally anywhere else in the world. As much as I'm a free trader, I think I would in this case go for Canadian exceptionalism.

We're not trying to open the door to any country in the whole world. We're trying to make sure that the Canada-U.S. relationship works economically. I think Americans are generally open to that. Especially state and local governments that are so stretched for resources don't want their infrastructure prices doubling and tripling because of the supply chain problems.

**Mr. Randy Hoback:** Mr. Agnew, one of the things we're seeing in Canada already is a shortage of certain components. A good example would be lumber.

With buy America, the \$2 trillion that's going to be spent, and stimulus coming here in Canada, how do you see the management of our resources such as timber and lumber, steel and cement in this type of scenario? How do you see that functioning? The U.S. requires it, and Canada requires it. Do you have any predictions there?

**Mr. Mark Agnew:** I actually think one of the biggest opportunities is in critical and rare earth minerals. We have an abundance of

these things in the ground but we're just not very good at getting them out. The U.S. wants its semi-conductor industry getting inputs from places that aren't China, and I think that's actually a big leverage thing that we can bring to the table.

What we need to do here is make it more cost-effective for the private sector to get it out of the ground, because right now the economics just aren't there for projects to be springing up.

**Mr. Randy Hoback:** I know that in Saskatchewan they're actually putting in place one of the first processing centres for rare earths, different types of rare earths. We have them here; we know that. We've identified where they're actually located. It's like you said: They're not in some place where you just back in with a backhoe and get to work. They're in the middle of nowhere, one might say, and tough to get to.

One thing that we have noticed in both...in North America is shortages of components that were usually coming out of China.

Has any work been done through the chambers or companies that belong to the chambers in identifying those shortages and seeing what we can do as Canada or the U.S. to deal with those shortages or make them up here?

• (1850)

**Mr. Mark Agnew:** We are starting that process as part of our Canada-U.S. initiative, and one of the questions is this: What can governments do to help backstop that for the private sector because, right now, there is a market failure in the industry?

**Mr. Randy Hoback:** How much time do I have?

**The Chair:** Ask a quick question, Mr. Hoback. You have 10 seconds.

**Mr. Randy Hoback:** You know what? I'll leave it there, Mr. Chair, and let my other colleague go next.

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

We have Mr. McKay now for six minutes, please.

**Hon. John McKay (Scarborough—Guildwood, Lib.):** Thank you, Mr. Chair.

Thank you to both our witnesses.

Mr. Chair, if we had a frequent-flyer program, we should put both Mr. Agnew and Ms. Greenwood on it because their testimony is quite valuable, and I doubt very much that any members of the committee disagree with any component of it.

Ms. Greenwood, you've been at this for quite a number of years. Your unique value is that you straddle the policy world, the political world and the practical world. I'm curious as to what kinds of clients are coming to your shop and asking you, "What should we do with this buy American issue because my company sells PVC pipes or whatever?"

What is the advice that you're giving to those who are seeking out your office?

**Ms. Maryscott Greenwood:** What companies want right now is to understand what the programs are that are involved in the \$2 trillion infrastructure plan to see where there are opportunities.

The first order of business is this: Where does an opportunity exist? Where can we bid on projects? Canada, as usual, is way ahead of the game. The infrastructure plan, which is what buy American is part of, isn't law yet. It's a proposal. You could call it a first volley by the Biden administration early on. It needs to go through the congressional process, and it needs to come out the other end in some sort of a concrete program. There's going to be a lot of debate, so what people want to know now is where there are opportunities.

The other thing is that the White House hasn't fully staffed the Office of Management and Budget where the exceptions will be made, where the recommendations will be taken in for a buy American exception or a Canadian carve-in. Those people aren't even in their jobs yet.

There's a lot of interest and eagerness to get involved, but at the moment, companies are looking for the opportunities.

I would say—to give you a specific example—that cement companies are really important right now. They also have a big impact on the environment. There is some very exciting technology—including some coming out of Canada—where you capture carbon, mix it into nanotubes and things like that—into cement, for example—and reduce the carbon impact.

I think that there will be a lot of opportunities like that where, if Canada can demonstrate its expertise on environmentally sustainable infrastructure, environmental benefits.... Those are the kinds of things that will be value-added and be treated as such, I think, in the U.S.

**Hon. John McKay:** As you rightly say, it hasn't gone to Congress yet, and as Bismarck once said, there are two things you shouldn't be watching: the making of sausages and the making of legislation. If ever there was a true aphorism, I think the American Congress is probably it.

There is some limited utility at the American congressional level only because of this: What congressman can say anything negative about buy American? That's just not politically sound. However, the advice to approach officials in the White House does sound to me to be a useful thing to do.

Is that advice that you're also giving to our ambassador?

**Ms. Maryscott Greenwood:** Yes, and she actually doesn't need advice from me on that. She's well ahead of all us. Ambassador Hillman engages very regularly with people at all different levels of the White House and the executive branch. However, the thing is

that they are still staffing up the place. I know that we're all eager to engage with counterparts, but they're still going through confirmations.

The Biden administration is still brand new, so we're waiting for a bunch of seats to be filled before we can truly engage as robustly as I know you're eager to do.

• (1855)

**Hon. John McKay:** That's a fair comment.

Turning to Mr. Agnew—having you twice in one week, Mr. Agnew, I think, is getting a little bit over the top, but I did not ask you any questions on Tuesday. As it happens, I co-chair the Permanent Joint Board of Defence, and we are just about to set our agenda for the June meeting in the Pentagon. I would be interested in your advice on what you think should be on the agenda insofar as defence and security spends are concerned in that context, where we actually have our American friends captive in the Pentagon.

**Mr. Mark Agnew:** The one thing that members have talked to us about is NORAD modernization. There's a fairly large chunk of change that's going to be spent on that, and we just want to make sure that the benefits of that are also accruing to Canadian industry, given that it is a continental defence mechanism. That would be one very tangible item I would ask you to take back to that group. I'd be happy to engage with your office further on that.

**The Chair:** You have 20 seconds, Mr. McKay.

**Hon. John McKay:** Well, it would be 10 seconds from Mr. Hoback and 20 seconds from me. Our Bloc friends should be very happy.

Thank you.

**The Chair:** Thank you.

[*Translation*]

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

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

I would like to thank my colleague for giving me the additional 20 seconds.

I would also like to give my regards to my other colleagues and the witnesses today.

I would like to address the witnesses who are hoping for an exemption. I think Ms. Greenwood said that she was in favour of free trade, but that it would be good to have an exemption for us to have special access to U.S. government procurement.

That said, if it's not legally possible, given that the free trade agreement really must be equally beneficial to all parties, as we have heard from witnesses, what is your strategy?

[English]

**Mr. Mark Agnew:** I think what we would want to see is as broad an exemption as possible. Now, I'd like to think of myself as being a fairly pragmatic person. I would not be so naive as to think that we're going to get a full blanket carve-out. What we should probably be identifying right now is this: What are the actual key sectors that will come out of this infrastructure package? We should really hone in on those, go to the Americans and say, "We actually have some key expertise in areas X, Y and Z. This is why it's in your interest to make sure that we're not getting whacked with it, and that's why we should be carved out."

I would love to think we would get a carve-out on the whole thing, but frankly I just am not sure that's going to be a viable option.

**Ms. Maryscott Greenwood:** I would love a blanket carve-out, or carve-in, if you will. We were successful in 2009 with the economic stimulus, but were only successful late in the game. It took a long time to get there, and what happened in the meantime was that you had pipelines that were laid in California that had to be pulled up. I think a broad exemption would be good.

I agree with Mr. Agnew about codifying the defence production sharing agreement. There is precedent for the U.S. and Canada to have reciprocal access to each other's procurement markets, and the defence sector is a perfect example. If it's good enough for defence, it's good enough for infrastructure, in my opinion. I think we have to push hard on it, and we have to bring American businesses to the table with our conversations with U.S. policy-makers so that they understand.

The target isn't Canada, typically. Maybe it is for steel, but it isn't for anything else, really, from Americans. The target is other countries, like China.

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** In 2009, the negotiations were in fact very long and very difficult. The situation has changed somewhat, because there is now the Canada-United States-Mexico Agreement (CUSMA), which is no longer NAFTA. As was demonstrated before the committee, the situation is not the same, because CUSMA, unlike NAFTA, does not contain a chapter on government procurement. So it would be a renegotiation, and in the current context, goodness knows who would win. One would expect the Americans to take a particularly combative position. So it's a long way from being settled.

Mr. Agnew, you were saying that there probably couldn't be a blanket exemption or a broad exemption. If that's the case, which sector would be preferred?

I personally have a hypothesis, and I'd like to ask you what you think about it: shouldn't we focus on the greenest technologies and industries? We could certainly win contracts in this area against many American companies, since we are very advanced in the field.

• (1900)

[English]

**Mr. Mark Agnew:** Given that we have nearly every sector of the economy in our membership, there are a lot of different cases that could be made. I would say, just based on some of the early conversations we've had with our members, particularly people who are in the clean energy space—hydro facilities, small modular reactors—that I think those would be particular areas of potential strength for us. As we've seen today, with the leaders' climate summit, there's a big push in the White House to have the U.S. hit net zero and reduce its emissions, so that's an area that I think we can come at from an area of strength.

Also, of course, too, there are a lot of what I would call more traditional infrastructure sectors that have an interest, such as steel and aluminum as well. I think those are the areas that we would hope to see being priorities. Certainly, I know that in Quebec particularly the aluminum sector is quite important.

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** Aluminum is actually very important, especially because our aluminum is not made with coal like China's. We have the greenest aluminum in the world. We are even thinking about carbon-neutral aluminum.

If we had to choose a specific exemption, since we know that the new U.S. administration has environmental considerations, shouldn't we insist on eco-responsibility as a criterion when awarding contracts?

[English]

**Mr. Mark Agnew:** Absolutely, and I think that is part of the offer that Canada has with our green credentials: It's how our electricity is done. I think the stat is that around 80% to 85% of our electricity comes from clean sources. I think that's a great narrative to tell and to make sure that people in Washington understand that.

[Translation]

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

[English]

Mr. Green, welcome to the committee. You have six minutes.

**Mr. Matthew Green (Hamilton Centre, NDP):** Thank you very much, Mr. Chair, and to all of the staff who are here tonight and to all of the members and the witnesses, I thank you for allowing me this opportunity.

I'm here very proudly representing Hamilton Centre. Of course, for those who know, when you drive over the Skyway and you see the industry, you'll know that they call Hamilton "Steel City" for a reason.

I want to begin just centring in on that. I think a lot about the ways in which Bain Capital gutted Hamilton Specialty Bar, a 100-year-old company with generations of workers, hundreds of workers. I think about the ways in which U.S. Steel's restructuring of \$2 billion in debt was put on the backs of the pensioners through the CCWA. I can't help but wonder how and to what extent the buy American provisions have impacted local steel here in Hamilton.



I heard Ms. Greenwood in her comments suggest, in presenting a Canadian exceptionalism, that Canada wasn't the target, except for maybe steel, and I think I tend to agree on that, so I want to get a sense to begin with, through you, Mr. Chair, from Ms. Greenwood, if she would expand on to what extent she thinks the American Recovery and Reinvestment Act of 2009 and the buy American provisions are similar and different from the buy America provisions that currently limit Canada's access to the United States sub-federal procurement market.

**Ms. Maryscott Greenwood:** Thank you very much for the observation and question.

They're similar. It's the same movie. We're seeing it again. There are certain industries and certain constituencies in the United States that are very vocal and have a lot of political clout. We've seen it in steel. We've seen it in lumber, where the U.S. will do something that is not broadly good economic policy, that is counter to its trade agreements and obligations and counter to engaging with allies. Nevertheless, the U.S. will have some protectionist mechanisms. Sometimes it works.

Bombardier has a facility in upstate New York because they were bidding at the time on the New York City subway cars—remember back when Bombardier was building railcars?—and they put a facility in Plattsburgh, New York. Why? Because there was a buy local element. They won the bid, but the challenge for you, I think, is that it shows that buy local works, right? It's complicated.

The other thing I would hasten to add is that you have to look at the larger picture when you're asking for an exemption. For example, I think that in the Canadian budget that was tabled a couple of days ago there's a digital services tax. This is something we've seen from other jurisdictions in the world. The U.S., I would predict, will look dimly on taxation of the big digital companies that are based in the U.S., many of whom are our members.

I think you have to worry about what frame of mind the White House is in when making these decisions on exemptions, and are they listening.... Are the Steelworkers...is the union as aligned with your position as they were with Ambassador Doer's leadership in 2009 or not? Are people grumpy about a perceived Canadian unfair position on digital services or not? The—

• (1905)

**Mr. Matthew Green:** Mr. Chair, through you, I wonder if I could bring it back to the heart of the matter.

Here in Hamilton Centre, the digital taxes are going to be passed on to consumers anyway. It is not going to hit the major digicomms that are coming out of the States.

I do know that our steel sector was hit pretty hard when I thought we had done a lot of work through CUSMA to come up with a new agreement that might have had greater protections and greater abilities for negotiated settlements. It was signed and it seemed like months later Trump threw it out the window and imposed tariffs anyway, so I wonder to what extent these agreements matter when the regime changes and the leadership of the United States decides to go in a different direction.

**Ms. Maryscott Greenwood:** You're right. The USMCA, the CUSMA, applies to a huge swath of the economy, but government

procurement, infrastructure, government dollars on infrastructure is a different thing. If you're providing steel to American inputs, you get tariff-free access to the U.S. under the trade agreement, but if you're talking about a state or local government that's getting funding from the U.S. federal government on infrastructure, that's when these buy local, buy American provisions come in.

To your original question, it's very much the same fight that we've been having for generations.

**Mr. Matthew Green:** I would put to you that this government has earmarked, I think, \$100 billion in COVID recovery. I'm assuming much of it will be in local spending on procurement.

Would it then put us in a position where we would be looking at creating like policies, buy Canadian policies, that would perhaps have earmarked Canadian steel on our rail and transit and our green energy projects like wind and solar?

**Ms. Maryscott Greenwood:** I'll just give you a quick philosophical answer.

In either case, it's a bad idea. Canada and the United States do better when we work together and have full access to each other's markets. I don't think a tit-for-tat like that works very well, but I understand the political desire to do it.

**Mr. Matthew Green:** What are we left with if we don't have that ability, and let's say, for instance, the Biden administration decides to go in a different direction with steel again?

**Ms. Maryscott Greenwood:** It's a big, huge relationship. There are lots of levers. I don't know. I'd have to think about a strategy that would help make sure that you don't get disadvantaged in that way, but I'm not prepared to give you a retaliation list right now.

**Mr. Matthew Green:** I appreciate it. Thank you.

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

We will now start our second round.

Mr. McLean, welcome to the committee. You have five minutes.

**Mr. Greg McLean (Calgary Centre, CPC):** Thanks very much, Mr. Chair; and my appreciation to our witnesses.

I will start with my questions to Mr. Agnew in particular. I wish I had a briefing of yours ahead of time, because I was scrawling down notes like crazy here thinking of some good questions to ask you.

You talked about critical minerals, clean energy and defence. I would really like to go into those as far as how we co-operate and work together with our American partners here. We've recently done a study of this at the natural resources committee as well, and a bunch of weaknesses here have been exposed.

First, every critical element is going to take a 10-year mine development process, and probably longer because of new legislation in Canada applying to mines, called the Impact Assessment Act, which has been disastrous across the board. The length of time to develop those actual industries versus the time you actually set up a facility to fortify and manufacture those metals, which is about 18 months, is a big disconnect. In that cycle of 10 years or so, you have a cartel-like provider around the world, mostly China, in critical minerals that will continue to move that price up and down, so those mines in that process will become unviable, like in the United States with the Mountain Pass facility.

Tell me what you think, between Canada and the U.S., we should be doing in order to buffer those cartel-like tendencies to make our critical elements unviable at certain points in that commodity cycle.

• (1910)

**Mr. Mark Agnew:** There are two aspects to this that are worth exploring. There are a whole lot more, but in the interest of keeping a focus, I'll talk about two pieces.

One is the domestic one. There are things that are within our control solely about regulation, impact assessments, labour and infrastructure. What do we need to do to make it viable for companies to take it out of the ground? That's one element.

The second is, when we're talking about what the Canadian and American governments can do together, how can we correct the market failure of it not yet being commercially viable? This is where I think there could be a potential for government, I don't want to say "backstops", but for lack of a better word I'll say backstops.

How do we use procurement, for example, as a tool to create financial incentives for companies to see a reason to take this out of the ground and know there's a buyer on the other end ultimately? That is what companies need to know: If they take it out and then someone else goes to process it, will there be someone there to buy it? I think that is where the governments could come in, and because we have such a joint supply chain when it comes to, for example, defence products, how can we use the government purchase of defence equipment to incentivize the critical minerals industry?

**Mr. Greg McLean:** It's a bit interesting because the American business model is about driving costs out of supply, all the way through the supply chain, and in times of commodity cycles, driving that cost out means going towards the lowest-cost provider, and that is China half of the time. How do we get a North American supply chain in critical minerals that will buffer that tendency to drive costs to the lowest-cost provider?

**Mr. Mark Agnew:** I think you need to create the demand for there to be the supply. It comes back to what I was saying about the people who are taking it out of the ground and refining it. They need to know there's a buyer on the other end for it, whether that's governments for defence contracts or whether that is an automotive company that is then going to use it to make chips that go into your vehicle. You need to create the demand before people are going to take it out of the ground.

**Mr. Greg McLean:** I'll move on.

Let's look at vaccines and how the U.S. is now pretty much on its way as far as getting its population vaccinated is concerned.

In Canada, we have a closed border with a no travel zone from the U.S. right now. Maybe Ms. Greenwood can answer this question: How do we get a North American position going forward where we can continue to have that cross-border activity, where we share vaccines?

Points of national emergencies, where we look at ourselves as an actual North American bloc and have similar health outcomes, and therefore, we're not having as much interaction with others, but as far as our ability to travel back and forth, we share those critical vaccines, for instance, that can be manufactured so...both sides of the border as well.

Is that something that could fit under this realm?

**Ms. Maryscott Greenwood:** Absolutely, I think we have to learn the lesson of the pandemic and of COVID and figure out how we do it better going forward because this, unfortunately, isn't going to be the only public health crisis we face. I totally agree with the idea, and in fact, our organization is all about figuring out how Canada and the United States can face these things together.

Sir, if I might respond, for just 10 seconds on critical minerals, I agree with what Mr. Agnew said. I would add to your question about cost and China being a low-cost provider, that I think something like the carbon border adjustment tax is going to be what it takes.

I think government policy has to make it more expensive to source from China, so for a carbon border adjustment, we'd have to think about other... Pollution, human rights, whatever adjustments you make and account for are the way you bring those costs up higher so that North American companies can compete.

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

**Mr. Greg McLean:** Thank you.

**The Chair:** We'll now go to Mrs. Romanado for five minutes, please.

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

I'd like to thank the witnesses for being here again this evening. It's always a pleasure to hear from you.

Being a military family member, I can't imagine Canada and the United States not working together. We look at NORAD. We look at the north warning system. We look at the Northwest Passage. We look at 9/11, and I cannot imagine Canada and the United States not working together in terms of continental defence.

Ms. Greenwood, you brought up something that piqued my interest because I used to work at CN rail, and I've been watching recently the duel bidding between CN and CP for Kansas City Southern, which would be an incredibly interesting railway. When you think of it, it would basically be mirroring CUSMA. It would be marrying all three partners and the traffic that would be able to flow amongst them.

I look at that, and I look a company in my riding, Héroux Devtek, which is an aerospace company that creates landing gear. They actually created the landing gear for the lunar module and have companies set up in Ohio, in Michigan and in Washington state, because we are just so integrated.

I'd like to ask you if you could elaborate a little bit more on your North American rebound because I think that's what we need to look at. When we're looking at the U.S. and Canada, it cannot be just U.S. or Canada. I think we are integrated, and we're going to continue to be integrated.

Could you talk about the North American rebound versus Canada's recovery and the U.S.'s recovery?

• (1915)

**Ms. Maryscott Greenwood:** Sure. Thank you so much.

The North American rebound campaign—check it out; Google it; you'll see it in various places—actually came about out of a conversation with the Quebec delegate general in the U.S., Catherine Loubier. She and I were having...early in the pandemic, when governors of states in New England were getting together.

Remember, cast your mind back to early in the pandemic, when jurisdictions were trying to figure out how to get PPE for their own population. New England states said, let's all form a buying bloc so that we're not driving the price up amongst each other. Quebec said, wait a minute; we're part of you economically, so we want to be part of that bloc.

Catherine and I were talking about that. We said, the truth is that Canada and the United States writ large should be trying to acquire PPE, share it amongst ourselves, manufacture it, get all the inputs and all of that. We therefore launched this North American rebound campaign. The U.S. Chamber of Commerce, the Canadian Chamber of Commerce, the National Association of Manufacturers and all sorts of local chambers of commerce, individuals across Canada and the United States and provinces have signed up to say, we agree that it's important; that whatever the question is, the answer is that Canada and the United States are in it together.

That's how it started, and it continues to grow in numbers and support. The community that's building hopefully will push back against some of the Buy American provisions.

I mentioned New Jersey in my testimony because unfortunately the state legislature there just passed a Buy America provision that Quebec and Ontario in particular were very vocal about pushing against, but it was a *fait accompli*.

Anyway, that's what the North American rebound is all about. We'll continue to build it digitally and invite people and businesses to sign. Then we'll activate the communities in targeted congress-

sional districts to try to support a Canadian carve-in to Buy America.

One thing I will say is that North America is more challenging in the United States, because when you're adding Mexico into the equation, there's an entirely different conversation. When we talk about North American rebound, we're actually talking about Canada-U.S. It's not that Mexico isn't important—it really is important—it's just that the issues, especially in the American imagination with respect to Mexico, are entirely different from the opportunities that we have with Canada.

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

I know I only have about 30 seconds. I want to give Mr. Agnew a chance to jump in, if there's anything you'd like to add with respect to our collaboration with respect to defence. As I said, it's something that's near and dear to me.

**Mr. Mark Agnew:** The one thing we're thinking right now with respect to the DPSA is that it's an arrangement that doesn't have full treaty status in the same way, say, that USMCA has. Generally speaking it works, but we hear anecdotal reports from companies about its not functioning as well as it should on the margins. We would like to think about how we can codify it a bit more strongly to make sure we're not being shut out of potential opportunities.

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

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

• (1920)

[*Translation*]

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

Mr. Savard-Tremblay, are you there?

You have the floor.

**Mr. Simon-Pierre Savard-Tremblay:** Mr. Chair, I would like to make a comment and I would ask you not to count it towards my time. When you say my name, the sound is often cut off. So I don't hear you giving me the floor. I'm not sure whether the message can be passed on to technical support. I don't know the technical reason for this, but it has happened a number of times.

**The Chair:** No problem. You have two and a half minutes.

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

My question is for Ms. Greenwood.

Mr. Biden has already said that he hopes to see the U.S.-Canada border reopened in the summer. We know that there is at least a willingness to open the border and have a dialogue.

Do you think that could be used as a negotiating point?

[English]

**Ms. Maryscott Greenwood:** Well, some of the best arguments have to do with professional services that are key to our economic recovery. We've done a pretty good job in Canada and the United States at keeping trucks going back and forth to keep grocery store shelves filled, but we have not done a good job with people in professional services.

When it comes to, for example, artificial intelligence, we have a company in CABC called Contextere—a wonderful Canadian company. All of their customers are in the U.S. They say that their people are the supply chain and their people can't get back and forth across the border right now.

I think in figuring out vaccines, testing, and a risk-based approach—not a political approach—we have to get people going back and forth across the border again.

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** Yes, we need to be able to cross the border again. On a completely different note, I think that willingness on the part of the U.S. may possibly be speeding up the supply of vaccines from them.

Given the willingness of the U.S., if Canada were to make some access a condition, do you think it could be used as a negotiating point?

[English]

**Ms. Maryscott Greenwood:** If I understood your question, I think yes.... I mean, I think Canadian companies need the access to visit their customers and vice versa.

Again, hopefully this lack of vaccination challenge will be behind us in a few weeks' time. There's a lot of vaccine available now in the U.S. and in the world, and hopefully it will be made available in Canada so that we can resume our back-and-forth commerce in earnest.

[Translation]

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

[English]

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

**Mr. Matthew Green:** Mr. Agnew, the Canadian Chamber of Commerce issued a statement after Biden signed the order, saying that it's going to have a “chilling effect on businesses” and will hit harder in Canada. It went on to state that, “Buy American restrictions remain a perennial problem for Canadian businesses seeking to access government contracts with our largest trading partner.” It said that “the rules have progressively tightened over the years [and today's] announcement represents another unhelpful step to make it more difficult for Canadian businesses to secure contracts in the U.S.”

What steps would you like to see Canada take in response to this show of American protectionism?

**Mr. Mark Agnew:** There are a couple of things we would suggest: one is going back to an earlier comment I was alluding to around seeking very targeted exemptions from the buy American program for the upcoming infrastructure bill. Once we see what's

on offer and where they're going to be targeting, let's identify the sectors that we should get an exemption for and then go after those.

**Mr. Matthew Green:** Through you, Mr. Chair, have you identified steel as being one of those?

**Mr. Mark Agnew:** We have not finalized our process with members, but I would imagine that steel, aluminum and clean energy would be products at this point.

**Mr. Matthew Green:** One thing that strikes me, particularly with the steel that's coming out of Hamilton, is that it's very hard to tell at what point it begins to be Canadian steel, and is not, because it's shipped back through all of its various forms.

I wonder what steps we should be taking to proactively make sure that's accounted for, whether that's industrial planning domestically or finding ways to adjust our own procurement policies here in Canada to reflect our steel sector.

• (1925)

**Mr. Mark Agnew:** I think there are things we can do domestically to help our sector. What I would say for the steel industry that's important is showing the U.S. that we're serious about tackling the problems with excess capacity in the global steel market.

To go back to what Scotty was saying earlier about how you link issues between folks in the White House, I think going to the White House and saying that we're serious about tackling overcapacity would show that we're a serious player and would make it less likely to be hit with a buy American policy on steel products.

**Mr. Matthew Green:** Thank you for these responses. I certainly look forward to further interventions from our other witnesses.

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

We'll now go to Mr. Nater, for five minutes, please.

**Mr. John Nater (Perth—Wellington, CPC):** Thank you, Mr. Chair.

Thank you to our witness. Some interesting ground has been covered so far.

I'm subbing in this week for Ms. Alleslev, so my questions are coming from her. They've been touched on in a few different points so far, so I may be repeating a little bit, but I want to have her questions on the record.

She wanted me to ask about chapter 13 of CUSMA and whether or not there would be an appetite or interest in reopening that section of the agreement, and what options we, as Canadian lawmakers, should be taking to push that issue south of the border.

I will open that up to both witnesses.

**Mr. Mark Agnew:** I know my CUSMA chapters by name, not by number, so you're actually going to have to remind me which one that is, unfortunately.

**Mr. John Nater:** I'm sorry about that. It's relating to procurement.

**Mr. Mark Agnew:** My personal advice would be that right now we don't really have the time and the luxury for a renegotiation of the CUSMA. What we should instead be going to the Americans with is a list of other things that we're helping them on and the reasons we're a valued partner rather than trying to reopen the deal that we just finished.

**Ms. Maryscott Greenwood:** If you want me to address that, I'll give you a southern colloquialism. Should you reopen CUSMA? "Heck no". We don't have the ability to get it through this Congress, and you risk coming out with something that is much worse than what you have now.

I totally agree with Mr. Agnew that you just have to negotiate better deals along the way. You don't want to change the rules of the road now, because you won't get what you want. You won't get it done and you won't get what you want, and it could be worse for Canada.

**Mr. John Nater:** Worse for Canada is certainly not an outcome that any of us wants.

Ms. Greenwood, in your opening comments, you gave some examples of where Canada and the United States do business back and forth across the border. I'm curious as to whether you've had any thoughts about the state level, which individual states we should be focusing on in terms of our lobbying efforts, in terms of then having the states lobby their federal government, beyond what's already been mentioned?

**Ms. Maryscott Greenwood:** I hate to say this, but they are all important, because Canada is the first or second commercial partner of every single one of the U.S. states, and they are all important for different reasons. If you look at Alaska and Florida, they're pretty influential when it comes to the cruise industry. If you look at a state like Kentucky, it has bourbon, which people kind of like. Then you look at Tennessee and their water coolers.

Every state is important, and luckily Canada has a network of consulates across the United States, which have regional responsibilities, and it also has these provincial offices. We've mentioned the Quebec office. We haven't mentioned the Ontario and Alberta offices, which work really hard every day with states, their counterparts.

The answer is all of them. If I had to pick one or two top of mind right now, for reasons this committee knows well, I would say Michigan and Illinois are pretty important, but those are for some other infrastructure reasons.

**Mr. John Nater:** Looking forward, in the next 18 months or so until the next set of midterms in the United States—it seems as though they are constantly in that cycle—what do you see as the biggest risk to Canada in the time between now and that next set of midterms in dealing with this current Congress at the border?

• (1930)

**Ms. Maryscott Greenwood:** That's a great question. There is a risk that you won't get the exemptions you need while you have a group of people who are willing to do business and that you go into a period of uncertainty with Congress.

It's so evenly divided in the United States Senate that you don't know post-2022 who your dance partner is going to be, so you want

to get as much done as you can now and get it sort of entrenched so that you can withstand whatever the next election is.

**Mr. John Nater:** That's great. Thank you.

That's all I have for questions at this point. Thank you.

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

We will now end this round with Ms. Bendayan.

Go ahead, please, for five minutes.

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

Thank you to the witnesses. It's always wonderful to have you at committee, and thank you for spending your Thursday night with us.

I want to come back to something that was mentioned at the very beginning by several witnesses. We were talking a little bit about the 2009 stimulus spending in the United States. We heard testimony early on in this study that the exemption Canada received in that context came in 2010 and that it came at a time that was actually too late for a lot of Canadian companies to bid on many of the contracts we would have been interested in.

My question for you, Ms. Greenwood, is given that we are still at the fairly early stages of the Biden administration's announced plan and, as you mentioned, there are several hurdles still to be crossed and changes that are likely going to be made, just keeping in mind our previous experience, how long do you think we have?

You mentioned as well that the Office of Management and Budget may be understaffed at the moment. Do you think that is something that's going to persist for a while? Is that going to be something we should also keep in mind when thinking about timelines?

**Ms. Maryscott Greenwood:** Thank you very much. It's good to see you.

I think you have sort of between now and the end of this calendar year to get organized, but you can engage with governors now, right? Governors and mayors will be making their own procurement decisions. Identifying key projects that Canadian businesses want to be part of is something that I think you can lay the groundwork for with governors and mayors while the feds get staffed up. You can do that immediately.

**Ms. Rachel Bendayan:** Okay.

You also mentioned earlier in testimony the example of New Jersey, I believe, which already did pass legislation at the state level. Is there anything, based on your experience with that situation or others, that we can learn from in terms of your conversations?

**Ms. Maryscott Greenwood:** I have a self-interested answer, which is that it would have been good if we could have ramped up the North American rebound digital campaign to get tens of thousands of people in New Jersey to write to their state legislature and say, "Hey, we're going to lose money and our competitive advantage if we box out Canada."

During USMCA, we had a digital effort targeting Democratic members of Congress to try to help get it across the goal line.

I think engaging in smart campaigns with real American voters who talk to their officials is a key part of it.

**Ms. Rachel Bendayan:** I'm turning to both you and Mr. Agnew. What role do you see for Canadian business and Canadian industry? Can that type of mobilization on this side of the border at this time be effective through the North American rebound campaign or other campaigns?

**Mr. Mark Agnew:** I think so. Canadian businesses have very good contacts down in the United States, be it suppliers, vendors or whoever it is. We have contacts with the U.S. chamber and others.

I think it's about mobilizing those folks to understand why it's in their self-interest to be advocates for us, because—let's be honest—they certainly carry more weight in D.C. than a Canadian-based organization would.

**Ms. Rachel Bendayan:** Ms. Greenwood might want to jump in, and before that, let me ask, being very practical and given the timeline we just heard—which appears to me to be quite short—practically speaking, how do we get that done?

Do you believe that industry and the business community are looking for the government to organize a group or is this something the private sector can organize itself through associations like yours, Ms. Greenwood?

**Ms. Maryscott Greenwood:** I think the answer is both. Government tends to have convening power; if you're present for something, you can get business leaders to show up. The hard part of this, though, because businesses in the U.S. have their hair on fire about other things all the time, is making sure this rises to the top.

Buy local preferences are really important because they make things more expensive, but are they more important than the corporate tax rate or some other sorts of labour mobility or labour force issues? That's part of the difficulty. I think you have to convey the conversations and get people to remind each other of how this is coming, it's challenging and we ought to address it now.

• (1935)

**Ms. Rachel Bendayan:** Mr. Chair, if I have a few seconds, I'd just like to clarify this. Over the course of this meeting there was talk interchangeably of “buy America” and “buy American”. I just wanted to put on the record that Canada is largely exempted from buy American. Buy America is really where the crux of the matter is, and it is the topic of this study.

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

Thank you very much again, Ms. Greenwood and Mr. Agnew, for coming to our committee and sharing your thoughts and advice with us. I'm sure it will really help in our deliberations as we go forward. Thank you again on behalf of the committee.

**Ms. Maryscott Greenwood:** I'm happy to be the warm-up act for Jerry Dias, as usual.

**The Chair:** I will ask us to suspend for a few moments while we onboard the next panellists.

• (1935)

(Pause)

• (1935)

**The Chair:** Welcome back, members of the committee.

I would like to now introduce our next panellists. From Canada's Buildings Trade Unions, we have Sean Strickland, executive director; from Unifor, Jerry Dias, national president, and Angelo DiCaro, director of research; from the United Steelworkers, Ken Neumann, national director for Canada, national office, and Meg Gingrich, assistant to the national director.

Mr. Strickland, it's good to see you again. Welcome back to the committee. I'll turn the floor over to you for five minutes, please.

**Mr. Sean Strickland (Executive Director, Canada's Building Trades Unions):** Thank you, Mr. Chairman.

It's very nice to see you, and members of the committee as well. Thanks very much for everything you do for Canada, and particularly for the important work of this committee.

My name is Sean Strickland. I'm the executive director of Canada's Building Trades Unions, the Canadian arm of North America's Building Trades Unions, an organization composed of 14 international unions and over three million workers. We work closely with our Washington office to coordinate and support issues that affect our members on both sides of the border.

Today, I will talk about the impact of buy America policies on skilled trades workers in Canada and the U.S. and share with the committee two recommendations: number one, that the Government of Canada demonstrate to the U.S. the importance of having barrier-free trade with Canada; and, number two, that it advocate for the creation of a bilateral or North American procurement policy that will permanently address buy America policies.

In the recent road map for a renewed U.S.-Canada partnership, President Biden and Prime Minister Trudeau launched a strategy to strengthen Canada-U.S. supply chain security and agreed to reinforce our deeply interconnected and mutually beneficial economic relationship, but since then—as we all know—President Biden has committed to a buy American policy.

These protectionist measures aren't new. They have existed since 1933 and were recently toughened by former President Trump. President Biden is aiming to increase protectionist procurement requirements even further. He's planning to make it harder for foreign companies, including Canadian ones, to receive waivers to the rules, by creating a made-in-America director position in the White House to centralize control. These waivers in the past gave exemptions to Canadian manufacturers, suppliers and contractors when bidding on American contracts.

While these measures aim to protect jobs, policies like this can result in project delays in the construction industry because of our intertwined supply chain. I'll give you two examples.

A small example is from Bettendorf, Iowa. Prohibiting the use of Canadian imports could double the \$427,000 cost of an elevator construction. Certain traction elevator components, guide rails and additional components required to make the structure compliant with the Americans with Disabilities Act are manufactured only in Canada. The city spent six months analyzing alternatives and found no known elevator manufacturers in the U.S.A. that produced the required parts. Without a buy America waiver—which has yet to be granted—the city will either have to custom build the components, doubling the cost, or disassociate from the federal grant.

A larger example is that of the private developer of a proposed high-speed rail line from the outskirts of Los Angeles to Las Vegas, worth approximately \$5 billion, which blamed buy America compliance for blocking its plans. The company sought low-cost financing through the federal railroad rehabilitation and improvement financing program, which subjected it to buy America policies. The Secretary of Transportation suspended consideration of the loan request because the sponsors were having difficulties satisfying the buy America requirements.

At a time when we're facing economic uncertainty due to the pandemic, we need to strengthen supply chains between our two countries, not impede them.

According to a GAO report, U.S. suppliers win more than 10% of Canadian federal government contracts, worth roughly \$1 billion, whereas Canadian suppliers win about 0.2% of U.S. federal contracts, worth about \$600 million. In terms of dollar value, the Canadian government awards contracts to U.S. suppliers that are worth more by many orders of magnitude than are those awarded to any other country.

In the Canada-U.S. road map, our leaders committed to increase climate ambitions and to coordinate cooperation to meet the Paris Agreement and net-zero objectives.

When we talk about the procurement of construction materials, Canadian building and construction materials are some of the greenest in the world. Relying on Canada-U.S. supply chains reduces emissions associated with transportation. Our energy and electricity systems are amongst the cleanest in the world. Our manufacturers are highly efficient and generally emit less carbon pollution than do similar production facilities in most foreign markets. Canada is a leader in producing low-carbon steel. Our aluminum producers have the lowest carbon footprint in the world. We're a leader in developing and deploying cutting-edge cement technology that reduces emissions. All of this will help Canada and the U.S. meet climate goals.

What we need is the development of a longer-term strategic solution to the issue and recognition that the integration of the U.S.-Canada supply chain is also a green supply chain. What we need is a buy North American strategy to protect Canadian and American jobs.

• (1940)

Workers shouldn't have to pay the costs of their livelihood every time there's a change in administration. Industry needs policy continuity to grow and create jobs for Canadian workers. Cities and towns need to address aging infrastructure rather than combing through difficult changes and procurement policies following an election cycle. We need a long-term buy North American policy that protects workers in both of our countries.

Thank you for your time, Mr. Chairman. I look forward to the discussion and questions from the committee.

**The Chair:** Thank you so much, Mr. Strickland.

Now I'll turn the floor over to Mr. Dias and Mr. DiCaro, for a total of five minutes, please.

• (1945)

**Mr. Jerry Dias (National President, Unifor):** Thank you very much.

Good evening, honourable Chair and members of the committee. My name is Jerry Dias, and I'm the national president of Unifor. I represent over 315,000 working people across the country in nearly every industrial sector. I'm joined by Unifor's national research director, Angelo DiCaro.

I was glad to learn back in February that this special committee was struck. Our union has had a front-row seat to Canada-U.S. relations over the past four years. I can only characterize it as bizarre and unstable, and, frankly, I think I'm being diplomatic when I say it that way. The newly introduced Biden administration brings hope for a more constructive working relationships for Canada. So far, signs are good.

The President's desire to lead on climate policy, to speak forcefully about the rights of workers, trade unions, and holding law-breaking employers to account is impressive. His commitment to racial justice and equality, fair taxation, social infrastructure and good jobs is timely, and frankly needed. In our view, at least on paper, this administration aligns with the type of forward-looking economy that Unifor members want to see and with what was evident in this week's budget.

Nothing guarantees a stable relationship, but what we've seen so far suggests that we're off on the right foot. February's joint Canada-U.S. road map is a product of that. It was a signal of constructive relations that has not been seen in years.

How we nurture this policy alignment is important. Tough conversations regarding buy American rules attached to the multi-trillion dollar American jobs plan and American families plan are bound to happen.

Let's think strategically. Buy American rules are not a surprise. They've existed for nearly 100 years. Tightening rules was a key plank in the Biden-Harris election campaign. It's a policy space that the U.S. has managed to preserve, despite trade deals. This is unlike Canada, which ceded much of this ground at the WTO and in CETA.

There's no denying that buy American rules pose challenges to export-dependent workplaces in Canada. In 2018, for instance, President Trump ratcheted up U.S. content rules for federally funded transit purchases from 60% to 70%. That move resulted in the direct layoff of dozens of Unifor members at our New Flyer assembly plant in Winnipeg. Meanwhile, that same year, Canada procured \$1 billion in transit goods through Via Rail. Canadian content requirements were intentionally omitted. This resulted in assembly work being performed at a U.S. factory.

Buy American is a problem. Some of what Biden floated has me concerned, no doubt, but boy, we do a good job of making things even worse for ourselves.

The question is, what do we do? Asking the White House for blanket exemption to buy American, even if it's the best outcome, is frankly not realistic. Steve Verheul said as much to the committee.

What matters is how we identify those points of alignment and emphasize the mutual benefit, in areas such as sustainability, high labour standards, critical supply chains and fair and balanced trade. Building a resilient and sustainable EV supply chain, for instance, without Canada is nearly impossible. I believe that there are opportunities to explore a modern EV auto pact.

Attaching low-carbon requirements to procurement fits the U.S. sustainability agenda. Crafting a low-carbon, buy clean procurement strategy between our two countries is advantageous for sectors with a low greenhouse gas footprint, like Canadian forestry and aluminum.

Bringing creative ideas to the White House, we will argue, is critical, and so is building close relations with the new centralized oversight body for Made in America.

Regardless of any waivers or exemptions that Canada might secure, government must take action on its own accord. This week, we witnessed the historic budget delivering more than \$100 billion in stimulus spending. As this is debated in a minority Parliament, why not attach it to a national program for sustainable local procurement in Canada? Why not have a national policy for high labour standards in purchasing contracts, or a requirement that a portion of spending be earmarked for indigenous communities or economically depressed regions?

- (1950)

Our recovery strategy cannot rest simply on Canadian business securing public contracts from a foreign country. I'm certainly not a fan of Canadians getting shut out of work, but I'm also not a fan of sitting back helplessly while there are tools in our toolbox.

I appreciate the committee's invitation to this hearing and your work on behalf of the country.

I look forward to your questions.

Thank you.

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

Finally, Mr. Neumann and Ms. Gingrich, you have the floor for a total of five minutes, please.

**Mr. Ken Neumann (National Director for Canada, National Office, United Steelworkers):** Thank you, Mr. Chair.

I would like to begin by thanking you, the clerk, committee staff, the interpreters and all the committee members for the opportunity to make a submission and join you here today.

As you said, my name is Ken Neumann. I'm the national director for the United Steelworkers in Canada. The United Steelworkers union represents 225,000 members active in Canada and another 600,000 members in the United States. Our members are employed in industries in virtually every economic sector, including those directly dependent on North American trade.

Because of our binational structure, we have a unique understanding of the importance of ensuring strong, integrated American markets. In the United States, things are moving quickly. President Biden's March 31 announcement of the American jobs plan, including a commitment to invest \$2 trillion in transit systems, homes and buildings and water infrastructure, could have serious implications for Canada. This is especially true, as it is widely expected that the upcoming infrastructure bill will expand buy American provisions to cover more products and sub-federal infrastructure projects that receive federal funding.

Infrastructure projects rely on products such as steel, aluminum and wood products, many of which are currently produced in Canada. We must move quickly to ensure that Canada is not left out of these plans. As our Steelworkers International President Tom Conway recently said while applauding President Biden's overall initiatives, "Canada is not the problem facing U.S. manufacturing and workers. Co-operation between Canada and U.S. will build on our long-standing and productive trading relationship". So how productive is that relationship?



As you may know, the Canadian aluminum and steel industries alone ship \$16 billion worth of products to the United States every year. That is 90% of all Canadian steel exports and two-thirds of total aluminum revenue. Over 38,000 Canadians are directly employed in these industries and over 140,000 more jobs are connected to them indirectly. Canada's forest sector employs over 200,000 workers directly, and the U.S. is our top destination, accounting for about 75% of our softwood lumber exports alone. Our supply chains are already heavily integrated. In the auto sector, for instance, what starts out as a steel slab may cross the border five or six times for processing before it ends up in its final form. For the strong economic relationship between the two countries to continue, we have to secure an across-the-board exemption from the buy American legislation; we need a binational procurement strategy that emphasizes the use of high-quality, environmentally friendly products made in North America; and we need to finally get a solution to the decades-long softwood lumber dispute.

During the previous U.S. administration, the United Steelworkers stood strong against the section 232 tariffs on Canadian steel and our aluminum. A decade ago, we worked with the Obama administration to create a North American strategy that benefited workers on both sides of the border. Now, as part of a plan to continue building on our relationship, we are advocating for a North American buy clean strategy that would prioritize consideration of the environmental impact of materials used in public construction projects. A recent buy clean report prepared by Blue Green Canada, an alliance of labour and environmental organizations founded by the Steelworkers, demonstrates that steel, aluminum, cement and wood products produced in Canada have some of the lowest carbon emissions in the entire world. These relatively low environmental impacts fit the stated goals of President Biden and our Canadian government and would protect and create jobs.

Canada's timber products do represent an opportunity for reduced carbon impact, but before the U.S. and Canada can work together in the forestry sector, we have to see a long-term deal that addresses the softwood lumber dispute once and for all. As it stands, thousands of workers face layoffs every time the United States reimposes softwood lumber tariffs. While the NAFTA dispute resolution system made its way into CUSMA, an overall resolution to the softwood dispute was not part of the negotiations.

● (1955)

The severity of the problem is currently masked by sky-high lumber prices. We need to find a solution before prices drop again and workers end up paying the price. If Canada approaches the situation strategically, the United Steelworkers believe there is an opportunity for Canadian workers to benefit from President Biden's massive infrastructure, environment and job investment.

To that end, we will continue to work both in Canada and the United States to promote a clean-energy North American manufacturing sector. We cannot let this opportunity pass us by.

Thank you again. I also look forward to your questions.

**The Chair:** Thank you so much, Mr. Neumann.

We will now proceed with our first round.

Mr. Strahl, you have the floor for six minutes, please.

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

Thank you to everyone for being here to present to us today.

It's good to see many of you who were also a part of our Line 5 discussion. I think we certainly saw the value of organized labour standing up for the over 20,000 jobs that this dispute puts at risk. We certainly appreciated your input.

In the case of Mr. Strickland, certainly, your organization was standing up for Keystone workers, etc., who were impacted by the decision of the U.S. administration. It's good to see you fighting for Canadian projects and Canadian workers and, indeed, in that case, for workers on both sides of the border. That's what I want to talk to you about, Mr. Strickland.

You mentioned at the beginning the international nature of some of these organized labour organizations. Have you had discussions with your counterparts in the U.S. about how you can work together to advocate for workers who will be negatively impacted on both sides of the border? What does that strategy look like? We heard in the previous panel about the need to maybe make the case for Canada to U.S. lawmakers that it's often better for projects to use Canadian materials that are made by Canadian workers.

Maybe you can share with us some of that cross-border work or co-operation that your organization participates in every day.

**Mr. Sean Strickland:** We certainly are working with our counterparts in Washington, D.C. I'll be interested to hear what Ken has to say, because his is also an international union.

I can also add that the Canadian embassy has been very active on this file as well and has reached out to the leadership, the Canadian directors of the building trades. We are facilitating discussions with the Canadian directors and also with the general presidents of our 14 affiliated unions that are based in D.C.

Part of the challenge we have is having to communicate the importance of this issue and the impacts it could have on Canadian workers. We have to work to highlight numerous examples of projects, and we're continuing to work on it, using the support of our staff in Washington, D.C. Without bringing it to their attention, it's not really on their radar.

I gave examples in my opening address of projects—an elevator in Iowa and a large LRT project in Vegas and California—but there are numerous other examples: bridge bearings and housing in Cleveland, Ohio, and water filters for waste water treatment plants. We have a list of 15 waste water treatment plants in major metropolitan areas in the United States of America that have slow-downs because of previous buy American policies.

Part of our challenge is really about educating externally—and also internally—how important this is to Canadian workers, and our leadership in the U.S. is supporting us in these deliberations.

● (2000)

**Mr. Mark Strahl:** Great. I will go to Mr. Neumann for this next question. Maybe he wants to touch on that one as well in terms of working with your international partners.

You mentioned a number of times an integrated clean energy or clean manufacturing strategy. We spoke in the previous panel about a carbon border adjustment tax and touched on it briefly, whereby there would be a way to determine whether or not goods manufactured in other countries—specifically China—should be subject to an adjustment tax based on the input they have to put into producing their steel and aluminum, for instance. Have the Steelworkers thought about that? Do they have a position on that?

Would any of that apply, do you think, to maybe taking on the real target of buy America through other means, rather than a catch-all approach that catches in that same net the cleaner produced goods like our steel and aluminum?

**Mr. Ken Neumann:** Thank you very much for that question. You hit the nail on the head.

We've been calling for that with this government. We've laid it out several times that there should be a carbon border adjustment because Canada—you heard in my testimony—has some of the cleanest steel and aluminum there is. The fact is it would prevent some of the dumping that takes place and some of the stuff that comes from offshore, so we fully endorse the fact that there should be a carbon border adjustment.

With respect to Mr. Strickland's comments, our union has been in the forefront. I think there's been a bit of a reset in the relationship between Canada and the United States. If you look, under the former administration it was fairly cloudy for us for a long time when we were seen as a security threat and when they brought in the steel and aluminum tariffs. We happened to be in the U.S. at the time when our international executive board that day put out a resolution saying that Canada was the furthest thing from a national security threat, and that still is the case today.

I see an opportunity here because we do have a reset. You have the President of the United States and the Prime Minister of Canada, who I think have a similar vision when it comes to the prospect of the green, environmental side of things. Our union is working on both sides of the border. We're working with the Canadian government, the embassy, our lobbying office in Washington and the embassy there as well. We're reaching out to our allies, because, as President Conway says, Canada and the United States have a long-standing relationship in regard to trade. Why would you want to punish your best neighbour?

All of us, I'm sure, have crossed borders and seen the trucks lined up for miles and miles. They're not running empty. They're running with products being made in each other's country, being produced by workers whom we represent on this side of the border, or the other side, and that's what trade's all about. Canada and the United States have a long-standing history so I think there's an opportunity that we should not miss, and I'm sure that all of us are going to be working as hard as possible to make sure that we overcome the buy American because...also remember that the American market is 10 times larger than Canada's. We're small compared with the.... I look at it as the big elephant and the mouse. That's what it really boils down to. We're working as hard as we possibly can.

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

We will now go to Mr. Sarai for six minutes, please.

**Mr. Randeep Sarai (Surrey Centre, Lib.):** Thank you to the witnesses. It's great to have many of you back again. I always like reminding myself that I'm the son of a United Steelworkers employee and my brother's a Unifor employee. I've got B.C. trade schools, colleges and training institutes in my riding. I have a great affiliation with all of you. I'm thankful for having you on.

I think you shouldn't use the analogy of the elephant and the mouse because you're pretty mighty and that elephant gets scared of you when you put your heads together. I'm very happy to hear that you're getting a lot of co-operation from the Canadian embassy and the government in helping that. This is the time we need you as well, to use your brothers and sisters down south, to help address some of these punitive ideas that are going around.

Mr. Dias, in 2009, in the 2009 recovery act, we saw the U.S. administration implement stringent buy American provisions. What was labour's reaction then in Canada and the U.S.? How can we use that, maybe, to deal with this current situation?

● (2005)

**Mr. Jerry Dias:** Coming out of 2009, we had the Obama administration at that time in the U.S. and it was the recovery act. This isn't new to us by the way. The whole issue of buy American provisions is not new; we've been dealing with this historically for generations, frankly.

In Canada, we fought for exemptions and I think we got exemptions in about 37 states that allowed Canada to bid on their procurement, but ultimately what Canada gave up at that time was the opportunity for U.S. companies to bid on all of the federal and provincial procurement opportunities. At that time, there was a debate in Canada about whether or not we gave up too much.

If you really look at the history of this, what I'm concerned about is that we keep this in the proper context. If I go back even five or six years ago, to 2015, of the 500,000 contracts that were awarded to companies outside the U.S., Canada secured about 4% of those, or about \$700 million worth, which in the overall scheme of things is two-fifths of nothing. We have never really been huge in winning U.S. contracts.

The other side of it, and I don't mean to go off, but, look, we should expect this. Biden-Harris ran on this. I think the Biden administration is going to make sure they wrestle back the whole argument from Trump, because he got elected on the whole story of pointing to the boarded-up auto assembly plants in Ohio and saying this is a result of poor trade deals. I think the Biden administration is going to do everything they can to wrestle back the narrative that they're standing up for American workers. I think we've got a hell of a job in front of us.

**Mr. Randeep Sarai:** Thank you.

Mr. Strickland, do you think the American labour unions will push for a Canadian exemption, based on some of the comments all three of you have made about sustainable...or our labour practices, the level of integration we have? Based on that, do you think your American counterparts you work with will support us on this?

**Mr. Sean Strickland:** Our brothers and sisters and the leadership of North America's Building Trades Unions are aligned with supporting Canadian workers. To that extent, they certainly are supportive of our initiatives.

I do think that in terms of a longer-term strategy, we need to leverage this green procurement. Mr. Neumann talked about it, and I talked about it. Jerry also talked about the supply chain for batteries, for example. I think the Biden administration this week made more commitments to greening the American economy. We have the industry to help support that. When you consider in particular the massive investment in infrastructure that the Biden government is planning to make, I think we have an opportunity to find ways to circumnavigate this buy American through leveraging green procurement. I think there's a real opportunity there. I think in those areas we might be able to get some exemptions and buy North American.

**Mr. Randeep Sarai:** Thank you.

Chair, do I have time?

**The Chair:** You have one minute.

**Mr. Randeep Sarai:** Mr. Neumann, the Biden administration has indicated its preference for worker-centric economic and trade policy, as Mr. Strickland has said.

Do you agree that the messaging against the expansion of buy American should be focused on labour?

**Mr. Ken Neumann:** We do. I know where our union stands. I listen to what Mr. Strickland says.

I think that workers in the U.S. understand that Canada is not the problem.

I get Jerry's point that every government wants to look at its citizens. Of course. Canada would do the same whatever the case may be. We're talking about the situation here of your best neighbour

that you could every imagine and having the integrated trading market that we've had for years. I said we that had to reset the relationship because we had a few cloudy days when it came to the aluminum and steel and the tariffs, not once but twice.

I'm somewhat more optimistic about the fact that we have an opportunity. I think on the environmental thing, Meg at some point can talk about it because she's also the president of Blue Green Canada. They just put together a big announcement today. As you know, Biden has put together this big project responding to buy clean. I think that's an avenue we should be pushing as hard as we possibly can.

• (2010)

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

[*Translation*]

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

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

All these comments on green procurement are very exciting.

Could we get an exemption under the U.S. green procurement program? Even when the product in question is not green, it can be produced in a greener way, as in the case of aluminum. Aluminum itself is not a green product, but Quebec's aluminum is much greener than China's. Could we slip through the net that way? We are asking ourselves this question more and more. I have asked a number of witnesses at this committee about it. I think we could have a valuable collaboration.

But in order to succeed in negotiations with the United States, we have to take a strong position. For that strong position, you have to prepare a counter-move. So I'm going to throw an idea out to all the witnesses and I would like to know what they think.

Should we start by signing a similar order that puts our businesses first? The Small Business Act in the U.S. gives preference to small and medium-sized businesses when contracts are awarded. Should we start with that, in the hope of forcing countries to sit at the same table?

[*English*]

**Mr. Ken Neumann:** Who is the question for? I'm not sure.

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** As I said, my question is for all the witnesses. So anyone who wants to answer it is welcome to do so.

[*English*]

**Mr. Sean Strickland:** I could take a shot at the beginning. Maybe you can repeat the second part of the question.

Certainly in terms of the aluminum production that you refer to, and the steel production, cement production, our electricity-generation capacity and how clean that all is, you can look at our supply chain and how close we are to the United States of America. There are also the transportation greenhouse emissions between Canada and the U.S. compared with bringing materials offshore. We have an opportunity to leverage this green procurement of infrastructure and the manufacturing of American goods, and I think that might be the sweet spot. I would agree with you, and I think the Canadian embassy and others are working on that.

There are all kinds of examples. In terms of lithium battery supply, we're the fourth-largest lithium battery supply manufacturer in the world and the greenest. There are all kinds of aspects of Canadian industry that are greener and provide better alternatives to production in the United States, and they should be exempt from buy America policies.

**Mr. Jerry Dias:** Sean is right. The key piece for us is where we find the sweet spot with the U.S. Where do we find the areas of commonality? We're talking about Canada being a leader in low-carbon building materials, and Sean is right, whether we're talking about cement, timber, aluminum and steel. Canada's electricity is probably about 82% emissions-free. If we're talking to the U.S. about commonality, then the elimination of greenhouse gases, and manufacturing with a green footprint are the areas of commonality where we can have the discussions.

You also raised the importing of goods built by anything but green technology, for lack of a better choice of words, so I'll talk about China. Does Canada now invoke a tariff on high-carbon products coming into Canada? We should talk about that. Obviously it will create a political discussion with China, but I argue that we should not be afraid to have those discussions. The focus of any strategy we have coming out of this should be, first, finding the areas of commonality and, second, moving forward.

Sean raised the issue of electric vehicles, and we spent a lot of time talking about that. I've personally spent a lot of time negotiating investments with the Detroit three—probably about six billion dollars' worth in Canada over the last few months. We know the heart of an electric vehicle is the battery. Cobalt, magnesium, nickel and aluminum are the key pieces, so we should be using them as the footprint of our strategy. That's another area of commonality with the United States: It's spending a lot of time talking about greening the auto industry. I think we need to start concentrating on the pieces we have in common and see where we can go from there.

• (2015)

**Mr. Ken Neumann:** Meg, did you want to take this?

**Ms. Meg Gingrich (Assistant to the National Director, United Steelworkers):** Sure. I think what the others have said is essentially correct, and it's our position as well. The fact that our products are much greener than those made in other parts of the world is a real point of leverage and an argument we can use to try to get exemptions. The Biden administration has been pretty clear at tying its trade policy with its climate goals and labour goals, so I think there is a real opportunity there. In fact, today there was an announcement between the two countries—Canada and the U.S.—on greening government initiatives that looks exactly to some of these things. We look to procurement, both federal procurement and gov-

ernment procurement broadly, as a way of ensuring that we're using cleaner products in both Canada and the U.S. That's exactly where we should be targeting and using our leverage in this type of thing.

[*Translation*]

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

[*English*]

Mr. Green, you have six minutes, please.

**Mr. Matthew Green:** Thank you very much, Mr. Chair.

I had to negotiate with our critic who is normally on this committee, Daniel Blaikie...and, of course, my Hamilton steel caucus made Scott Duvall to be before us here today for my number one priority, which is steel.

Mr. Neumann, you will know the locals here, Ron Wells and Gary Howe and others. I had an opportunity to reach out to them to talk about this.

Before I get to that, I want to share with you a comment that I picked up from some earlier testimony by Ms. Greenwood from the Canadian American Business Council, who suggested that Canada is not the target, except on maybe steel.

To open it up, I'm thinking about the way in which Bain Capital took Hamilton Specialty Bar to bankruptcy, the way in which the U.S. Steel restructuring affected our workers.

I want to ask, through you, Mr. Chair, to Mr. Neumann, to what extent and how are the the American Recovery and Reinvestment Act and the buy American provisions both similar and different from the buy American provisions that may currently limit Canada's access to some of these contracts as it relates to steel?

**Mr. Ken Neumann:** I'm not sure I quite understand. What prevents us...? Because right now—

**Mr. Matthew Green:** I'll restate the question, maybe in a clearer way.

When I'm talking to Ron and he's talking about the way in which the hot band coils are coming back and forth between the States and Canada...can you maybe express to the committee how we even know what would be Canadian made versus American made when it comes to these products that are being used for American procurement? Are we protected by that, or are we already kind of de facto carved out...?

I understand that U.S. Steel right now is producing a lot. Dofasco is producing a lot.

I'm wondering whether you want to comment on how these restrictions are affecting us.

**Mr. Ken Neumann:** I think this boils down to the long-standing relationship.... The fact is, as I said earlier in my testimony, sometimes you will have a slab that could be produced in Hamilton or Lake Erie that could cross the border four or five times before it turns into a final product.

There's this long-standing relationship between Canada and the United States. That's why I don't see Canada as being the target. The fact is, why would you punish your best neighbour? You're a stone's throw away from one another. If you look at the trading relationship we've had over the years, we have exposed a lot of those things, when the U.S. was targeting as a national security threat.... Canada, by far, is not the problem.

You're correct. When those trucks are coming across the border, you wouldn't know where that ingot was poured or the slab was poured, and that's the purpose of the integrated market.

I said before, many of us have crossed those borders and seen those trucks going back and forth. I don't see that as the threat. I see that we have an opportunity, and we should strike at it.

• (2020)

**Mr. Matthew Green:** With that being understood, and acknowledging the fluid way in which our steel travels back and forth, I asked the previous witnesses for testimony around whether or not they thought it made sense to have a more formal carve-out for steel, to be explicit in this friendship and this long-standing relationship, and to perhaps ensure within legislation or within the caveats of our agreement that our Canadian steel workers are duly protected, because we know there could be opportunities for our Canadian plants to be used as a bit of a flow-through for American products.

What would you like to see as a response to potential American protectionism?

**Mr. Ken Neumann:** First of all, someone mentioned—maybe Mr. Strickland or Mr. Dias—about China. We have not been able to put a good handle on dumped steel. You have a country such as China that produces in excess of a billion tonnes. They use capacity of roughly 800 million tonnes, and with the rest, they look for a home. They are not going to keep it in their scrapyard. They are going to look for it to go someplace else.

North America is in a spot. We have not been able to deal with the massive dumping that's taking place by the cheaters. Many countries are not playing by the rules. They have terrible standards.

The carbon footprint is one of the biggest problems that we've had. Look at Canada, at all the steel mills we used to have in Hamilton, those others, and the number of employees who are working there today. If you look at the amount of steel that Canada produces today going back to 2014, we're losing. We're continuing to slowly diminish the amount of steel we get to produce. That's just wrong.

The fact is, we have invested.... We have companies to invest. We have highly skilled people. To me, it's just a no-brainer. You have the politicians who haven't figured out the fact of how you deal with countries that are just dumping and not playing by the rules. You can't compete.

Sometimes politicians have to take a look in the mirror. Why is it that the Gordie Howe bridge initially was destined to be built with Chinese steel? We were involved in that. I think at the time Gary Doer was ambassador. We finally got them to change it to have North American steel. Why is it that we still have bridges being

built in Montreal and B.C. and the steel comes from China? Someone has to explain to me how that makes sense.

If you look at the carbon footprint, and what they just announced today in regard to greening the environment, of course, that's important. We all agree with that. On the other hand, they will go ahead and have ships come from China, which has a high carbon footprint...but that's for another topic. I just get wound up on this stuff. Sorry.

**Mr. Matthew Green:** No, I appreciate it. I share your passion with it.

Thank you for the time, Mr. Chair.

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

We will go now to Mr. Lewis for five minutes, please.

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

And I share your passion as well, sir, very much.

Mr. Chair, through you, I guess to the entire panel, it goes like this. I'm the ultimate thinker going forward, but at the end of the day, the Windsor assembly plant has been shut down for three or four weeks now, and it will be shut down for another two to three weeks. Why? Because we have no chips to put into bumpers. Why? Because no chips are built on Canadian or U.S. soil. Why? Because they're all built overseas. So if we're going to truly find a resolution to this true relationship, it has to start, it has to end right here on North American soil. Of course, we have to make it more affordable, but we need it. Our workers are sitting at home, our businesses are hemorrhaging jobs to everywhere else but us—"us" being Canada and the United States.

Mr. Dias, would it not be smart to start to produce more of those types of manufacturing, those very intricate pieces for our cars, be they EVs or not? And I do understand. I'm very proud to be the Conservative caucus chair. And I know 121 EVs are coming, I believe down river as well. Mr. Dias, as you know, in Michigan, GM is going to start building EV pickup trucks. But if there are no bumpers to get there, no chips to put in, what are we going to do?

Is it not important that we have every aspect of the manufacturing done right here in Canada?

• (2025)

**Mr. Jerry Dias:** There's no question. You've taken a proper position, not only on manufacturing, but also on a variety of other pieces in the food chain. Think about the pandemic. Talk about a nation that was completely unprepared. We couldn't even keep our own citizens safe. We had no way of providing vaccines. We couldn't even provide masks or gowns because, as a nation, successive governments have always believed in the theory of when you can buy it cheaper, it's best. So we've outsourced our safety, and frankly, we've outsourced so much of how we can maintain manufacturing in this country. So you're right: The assembly plants are down in North America because of the lack of computer chips. But we have lacked an industrial strategy, frankly, for generations. We're the only nation in the world that's so rich in natural resources and raw materials and has never had a strategy to put Canadians to work based on such a strategy.

Today's discussion—and you're right—is how do we do things differently? How do we learn from, frankly, the U.S. implementing a buy American strategy? Do we talk about a buy Canadian strategy? If we're going to have \$100-billion-a-year worth of Canadian procurement, why in the heck wouldn't we have a strategy that says we're going to use the \$100 billion to put Canadians to work?

These are the types of discussions we have to have. We can't have governments with a complete free enterprise mindset that says Canadian workers have to drop their wages to be competitive, like somehow we can be competitive with Mexican workers. So we're going to have to have a real, straightforward, aggressive conversation on mobilization, and on the needs of a nation, and what that means.

**Mr. Chris Lewis:** Thank you, sir.

Mr. Chair, how much time do I have, please?

**The Chair:** You have 45 seconds.

**Mr. Chris Lewis:** Thank you very much. I'll go very quickly.

Obviously, automotive assembly would be tier 1. I do know that tier 2s and tier 3s are struggling enormously at the border. They are taking it on the chin something fierce, because there's no clear and concise direction. If we cannot get bumpers across the border, as an example, there'll be no cars to assemble, quite frankly.

Mr. Dias, could you comment on the importance of getting our manufacturers back and forth, safely of course, across the border?

**Mr. Jerry Dias:** You're right, and there are two pieces to this conversation.

There's the free flow of parts across the border. On the automotive industry, you're right, and Ken talked about it with the steel industry. There are parts that cross the border five or six times before they get assembled in a vehicle, so that can't change. That's one part of the conversation.

The other part of the conversation, of course, is about procurement. We're never going to have an auto industry here in Canada in which we are going to supply all of the parts, but we need to make sure that the bulky commodities are built close to the assembly plant. We can't lose that.

You're right. We have to make sure that the technology, the manufacturing capability and the assembly are within the Canada-U.S. region in order to make sure that our assembly plants are running. You're right: we can't allow the off-loading of the guts of the vehicle.

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

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

We'll go now to Mr. Housefather for five minutes, please.

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

Mr. Strickland, Mr. Dias, Mr. DiCaro, Mr. Neumann and Ms. Gingrich, thank you for being here. I really do appreciate it.

Mr. Dias, I'm very interested in talking to you in a second about purchasing, but before we do that, I have a question about buy America for Mr. Neumann and Mr. Strickland.

I was listening to a lot of what you said, and I completely agree that we're very much aligned with the Biden administration. We have in common a lot of values and environmental and labour standards, etc., and we have allies in Congress on those issues in terms of finding a way, I think, to work with the Americans to look at what we do well and where we can find common ground to create that type of North American framework.

As you mentioned in terms of the Trump administration, Trump won in 2016 by convincing a lot of people in labour, a lot of blue-collar people, that free trade with Canada and the world was bad. Instead of trying to correct that impression, it seems to me that the Biden administration and a lot of politicians in the U.S. seem to believe that it's better to just go along and reinforce that theory and to just show that they're even better than Trump at buy American. I looked at the statements of the AFL-CIO and the Teamsters, which saluted Biden when he went ahead with the buy America policies.

Could you just give me an idea of what you're finding when you're talking to your American counterparts in your unions as to what they're seeing on the floor of Congress, and whether or not they really believe that there is a way to educate the American lawmakers so that we actually would get such an exemption? Or should we turn toward a Canadian strategy, as Mr. Dias was suggesting? I know that's a long-winded question, but if you could just speak to that, I'd like to know.

● (2030)

**Mr. Ken Neumann:** In my view, as I said and as you know, we released a statement from both me and the international president. I know that the president, Thomas Conway, is very much connected with the Biden administration. I know that we've talked to the person who has now become the person who looks after the infrastructure, and we've been having ongoing discussions.

Look, there are some asks that they have. One of the things I can share with you that the Americans are concerned about is in regard to how Canada deals with the circumvention—are we protecting our borders? The fact is, what they're afraid of is that you're going to have a whole bunch of...that Canada is going to become a source for a dumping ground, and that then somehow gets transshipments and it gets over.... Those are things that we need to deal with, and I can confide to you that, with our president, we've raised this with the Canadian government, and I think the Canadian government is going to pay some attention.

The point they all understand, from the information we're getting back, is that they all recognize that Canada is not the problem. If you look at the amount of lumber, steel and aluminum, they need those products. The fact is, when you go to the point that was made at the beginning, this is about the green.... You have the President and you have the Canadian government today, and if you look at the most recent announcement on raising the bar in regard to the environment, that's where society is heading, and we have an opportunity to strike. My confidence is that, look, workers in the United States understand that Canada is not the problem. Sure, there are politics and there's going to be protectionism and that sort of stuff. We probably have that as well.

That's how I see it. Canadian workers are not the problem.

**Mr. Anthony Housefather:** I think we all agree on that. The question is, how do the Americans perceive it?

Mr. Strickland, do you have anything you want to add on that?

**Mr. Sean Strickland:** Sure, Mr. Housefather. Thank you very much for the question.

It's fair to say that our offices in the U.S. have the ear of some influential members of Congress and influential members of the Senate. I think the dynamic here, not to oversimplify it, is that sometimes good politics doesn't make good public policy. You're all politicians. You get how that works. Unfortunately, that's the nature of the beast. We're dealing with a dynamic where much of the American public believes that buy America is a good economic policy, and that's going to help get members re-elected in the mid-terms and so on.

We can have these conversations, and we can have reasonable conversations with elected officials on both sides of the border, but sometimes that's tempered by politics. That's the reality of what we have to try to cut through. I've given you numerous examples of how buy America and buy American policies are not good for construction—and we've shared this with our counterparts in the U.S. for construction—but sometimes that gets trumped by politics.

**Mr. Anthony Housefather:** I totally agree.

Mr. Chair, do I have a minute left?

**The Chair:** No. You have 10 seconds left.

**Mr. Anthony Housefather:** Oh.

Mr. Dias, I would like to talk to you about the procurement strategy. Maybe we can do it offline. I'm sorry about that.

**Mr. Jerry Dias:** No problem.

**Mr. Anthony Housefather:** We'll set it up. Thanks.

[Translation]

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

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

I'll probably go back to my previous question. I think Mr. Strickland answered the first question and told me that I could come back to the second. So that's what I'll do.

Should we adopt the equivalent of the Buy American Act or something similar, if possible? Clearly, every economy is unique to

its country. Therefore, we would probably not have the authority to adopt a copy-and-paste version of the Buy American Act in Canada.

But could we possibly pass some sort of legislation that would put our businesses first? Could we also pass something similar to the Small Business Act that would put SMEs first?

In short, would it be possible for us to have a purchasing and contracting policy that would allow us to give priority to Canadian and Quebec companies?

• (2035)

[English]

**Mr. Sean Strickland:** I think there's certainly room for that kind of conversation. I do know, for example, that on many large infrastructure projects with federal funding there are buy Canadian requirements, particularly on transit projects and so on.

Further to Jerry's point, I think anything that can support the reindustrialization of Canada is a good thing. For construction workers, we do all the maintenance in all of these automotive plants and steel plants, so we have a vested interest in the reindustrialization of Canada as well. I think there's room for that.

Of course, as you know, MP Simon-Pierre, when we're dealing with the U.S. we're dealing with the largest economy in the world. We talk about China, but the U.S. is still the largest economy in the world. We have to be very careful about what kind of practices we put into place so as not to jeopardize that relationship. For over 100 years there has been a pattern of very colourful and windy relationships when it comes to trade with our U.S. counterparts.

To answer your question, I think there's room for that discussion. We can look at things that are in place already and maybe amplify it, but we have to be cautious not to jeopardize the overall relationship.

[Translation]

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

[English]

For the final questions, we'll go to Mr. Green for two and a half minutes, please.

**Mr. Matthew Green:** Thank you.

I just want to say that I share the observations of Mr. Dias about our \$100-billion COVID recovery opportunity and certainly share his perspectives. He referenced 2009—

**The Clerk of the Committee (Ms. Erica Pereira):** I'm sorry to interrupt, Mr. Green. Could you please lower your microphone?

**Mr. Matthew Green:** Oh, my goodness.

Does that mean I get to start again?

**The Chair:** Yes. That's fine.

**Mr. Matthew Green:** I just wanted to say that I noted and shared the observations of Mr. Dias that we do have a \$100-billion opportunity here before us in COVID recovery. When he talked about 2009, he joined, I would imagine, a group of labour and civil society organizations on a joint statement about public procurement—this is not new—and they talked about the recession at that time, that it was justified for that type of taxpayer-funded stimulus.

Mr. Dias, you referenced that Canada makes up only 4% of U.S. contracts. I'd be interested to know if you know what the reverse is in terms of the percentage of American procurement on Canadian projects. Would you care to comment on what would be some of the advantages and disadvantages for Canadian firms and workers if we were to attach buy Canadian conditions to the \$100-billion COVID recovery for funding of domestic public infrastructure projects?

**Mr. Jerry Dias:** That's a heck of a question.

The 4% that Canada had won in 2015 was of the contracts that were awarded outside the U.S. It was \$700 million, period, which is two-fifths of nothing. We've never had this huge amount of money that was ever really sourced for federal contracts.

The way the U.S. works—and you know this—is that the majority of the money goes from the federal government to the states, and so the WTO rules don't kick in as they relate to the individual states' procurements. That's how we end up getting shut out.

But the bottom line is that we have to concentrate on what we can control, and we can't control the Biden administration's determination to buy American. Ultimately, and I said it earlier, he is go-

ing to wrestle back the narrative from the Trump administration, so I see it getting worse before it gets better. We have to deal with that simple reality.

What can we control? We can control \$100 billion worth, period. So we need to make sure that we put about \$100 billion worth of government procurement into keeping Canadians employed. The fact that we spent a billion dollars to have trains for Via built in California by Siemens makes absolutely no sense. Those are the types of mistakes we've made. We've always inherited this boy scout attitude. If you take a look at the Canadian content provisions in transit, they're much lower than they are in the United States. Why? It doesn't make any sense to me.

If the U.S. is going to have a 70% content, why in the world can't we have a 70% content here in Canada? We need to play by the same rules as others.

● (2040)

**Mr. Matthew Green:** Rest assured, sir, I'm no boy scout, so we're good on that end.

**The Chair:** Thank you, Mr. Green. I appreciate that.

I want to thank the witnesses in no particular order except for how they appear on my screen: Mr. DiCaro, Mr. Neumann, Ms. Gingrich, Mr. Strickland, Mr. Dias, and I guess that's it.

Thank you all very much for taking the time to meet with us on this Thursday evening. I extend my deep appreciation to you for enlightening us on this issue and helping us with our deliberations during this study. Everybody have a great weekend.

The meeting is adjourned.

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