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• (1400)

[English]

The Chair (Mrs. Sherry Romanado (Longueuil—Charles-LeMoyne, Lib.)): Good afternoon, everyone. I call this meeting to order.

Welcome to meeting number 18 of the House of Commons Standing Committee on Industry, Science and Technology. Pursuant to the order of reference of Saturday, April 11, the committee is meeting for the purpose of receiving evidence concerning matters related to the government's response to the COVID-19 pandemic. Today's meeting is taking place by video conference, and the proceedings will be made available via the House of Commons website.

I would like to remind members and witnesses to please wait before speaking until I recognize you by name. When you are ready to speak, please unmute your microphone and then return to mute when you are finished. When speaking, please speak slowly and clearly so that the translators can do their work. As is my normal practice, I will hold up a yellow card when you have 30 seconds left in your intervention, and I will hold up a red card for when the time for your intervention has expired.

I would like to now welcome our witnesses. From the Council of Canadian Innovators, we have Mr. Jim Balsillie, chair. From General Motors of Canada Limited, we have Mr. David Paterson, vice-president, corporate and environmental affairs. From Magna International, we have Mr. Donald Walker, chief executive officer. From Supply Chain Canada, we have Christian Alan Buhagiar, president and chief executive officer; Simona Zar, director, industry affairs and public policy; and Mike Owens, former vice-president, logistics, Nestle Canada. From the Western Canadian Shippers' Coalition, we have David Montpetit, president and chief executive officer.

Each witness will present for five minutes, followed by a round of questions. With that, we will begin with Mr. Balsillie.

You have five minutes. The floor is yours.

Mr. Jim Balsillie (Chair, Council of Canadian Innovators): Thank you, Madam Chair and committee members, for the opportunity to present today.

I'm the chair of the Council of Canadian Innovators, a national business association composed of over 120 chief executives from Canada's fastest-growing technology companies.

In March and April our council advocated for supporting high-growth technology firms that are negatively affected by the crisis. We first asked the federal government to create the Canada emergency wage subsidy for our members, and then to extend it from 10% to 75% of payroll costs. We also successfully advocated for the strategic use of programs such as IRAP, SR and ED, SIF, and RDAs because the 30% decline test did not fit for certain types of high-tech companies. These programs are essential to preserve the employer-employee relationship.

It is critical that our innovators are not just surviving but working overtime during this downturn, because their companies will drive Canada's future prosperity in the changed economy that will emerge from this pandemic. We are grateful for the support measures to date and the efforts of your committee and the dedicated civil servants across the government, but we need help focusing the government's path forward on these additional priorities:

One, create an "innovation corps" that mobilizes thousands of our brightest co-op students who had their Silicon Valley job offers rescinded. CCI has created a tech talent radar portal to help connect thousands of recent graduates with Canadian innovators. The government can use this opportunity to reverse the costs of our enormous brain drain.

Two, implement the overdue IP collective to optimize the value of taxpayer investments into R and D, and help generate and protect new intangible assets created with the recent stimulus funding.

Three, create a national data strategy for our health care sector and other strategic sectors, including agriculture, smart cities, energy and mining.

Four, fast-track the adoption of national standards and regulations for digital identification, data sharing and cybersecurity to match the shifts to online service delivery and remote work.

Five, update the Investment Canada Act to prevent leakage of strategic IP at Canadian universities and research institutions, and data in strategic sectors, including health care, smart cities and agriculture.

Six, address both supply chain and value chain resilience, and maximize economic growth by reinventing procurement approaches that strengthen Canada's innovation ecosystem. Value chains are where Canadian innovative companies compete.

Seven, use domestic fintech firms to help distribute government stimulus loans just as the U.S., U.K. and Australia have done, and resume consultations on open banking so that Canadian fintech firms can play a meaningful role in modernizing our closed banking structure.

Canada's response to this economic crisis must be different from that to the great recession. Twelve years ago, our recovery was driven by high-priced Alberta oil, buttressed by voracious Asian demand. Today, oil prices have collapsed because of a supply and demand imbalance, with part of the demand reduction structurally permanent.

The foundation of economic renewal needs to be built through innovative Canadian companies commercializing their ideas to scale, and expanding their freedom to operate into global value chains for the knowledge-based and data-driven economies. Canada needs to diversify its products, not just its markets.

Using a traditional shovel-ready physical infrastructure lens, whether for roads, bridges or hockey rinks, to stimulate demand and drive productivity has no traction in the 21st century global economy where IP and data are the most valuable economic and national security assets. What Canada needs instead is a digital policy infrastructure that facilitates productivity, prosperity and security via global value chains.

Canada's policy-makers need to jettison the outdated and corrosive neoliberal orthodoxies that left us vulnerable. Policies rooted in 19th and 20th century economic thinking applied to the 21st century knowledge and data-driven economy have resulted in a 25-year slide in our national productivity, record household, corporate and government debt and, according to the IMF, a decade of reduced GDP per capita, while the United States' GDP per capita soared by 35%.

- (1405)

Crises always clarify priorities. The COVID-19 crisis generates an ironic opportunity for Canada, because it induces structural changes normally spread over years into a few months. By harnessing their proven ambition and ingenuity, Canadian innovators can help the Canadian government build an innovative, sustainable, inclusive and resilient national economy, but only if our governments put the wind at their backs and strategically use smart policy measures.

Thank you.

The Chair: Perfect timing.

With that, we will now move to Mr. Paterson at General Motors.

You have five minutes.

Mr. David Paterson (Vice-President, Corporate and Environmental Affairs, General Motors of Canada Limited): Thank you very much, and on behalf of General Motors, I want to say thank

you to the committee for the leadership that all of you have displayed during this health crisis.

Times of emergency are when we truly demonstrate Canadian bravery, resilience and our unique spirit of partnership. We did that in the world wars and we're doing it again. We'll get through this together, and I believe we ultimately, like my friend Jim just said, have opportunities to make Canada a stronger and more competitive economy if we learn from this time and take action to prepare for the changing competitive world that lies ahead.

I'd like to make three key points and then look forward to discussion later.

First, everything we do today has to start with safety. I've provided the committee with a link to General Motors Canada's playbook for safe resumption of our automotive operations, which started two weeks ago for auto plants here in Canada. Our approach is guided by Health Canada, the WHO, our medical staff and learnings from our successful safe resumption of General Motors operations in Asia. Some of you will have attended our webinars. We've shared our protocols and procedures widely as we prepared our employees, unions and communities to have a safe return to work. I'm pleased to report that General Motors has not had a single case of COVID-19 spreading in the workplace in any of our global operations.

Second, COVID-19 is an emergency like no other, with economic as well as health implications. This is especially true for the auto sector. In March the fully integrated North American sector saw its factories grind to a halt. In April in Canada vehicle sales were down 75%. This creates extraordinary challenges in a complex industry like automotive as we endeavour to sustain our businesses and then kick-start the manufacturing engine of our economy at a time when our revenues have collapsed. We believe the auto sector will be one of the key leaders of economic recovery in North America, and it will rapidly innovate towards electric, autonomous and other technologies as we go forward, but we know that this is going to require some extraordinary effort and partnership.

We're deeply appreciative of the bold initiatives of our governments across Canada to support people and our businesses, but we know that we're only partway there. Canada's auto sector has united behind a few core recommendations. The first is our call to ensure liquidity, particularly by reinstating the Canada secured credit facility to support auto finance companies, suppliers and dealers so that they can stay alive and support our employees and the customers who finance or lease vehicles across Canada.

Canada's auto sector is also united in calling for a Canadian vehicle scrappage incentive for consumers who turn in a 12-year or older higher-emitting vehicle to be scrapped. The permanent retirement of these older vehicles would generate a significant reduction in greenhouse gases and other emissions from the on-road fleet, while also improving road safety. We believe the right scrappage incentive program can help spark and sustain the recovery of auto sales in Canada, which is essential if we're going to keep auto factories, suppliers and their employees working.

I'll end where I started—with leadership. I'm proud to be part of a sector that stepped up without hesitation to quickly retool, manufacture, donate and deliver medical devices and the protective equipment needed by our front-line heroes and by all Canadians as we get back to work. There are numerous examples including thousands of auto dealers in communities across Canada who made the difference when a car was essential to get food, medical advice or help to a neighbour.

At GM Canada, together with the Government of Canada, we've announced that we have converted parts of the Oshawa auto plant to make millions of face masks for Canadians and will do that with no profit. I never imagined that we would become a licensed medical manufacturer, but we are now and we're proud to be able to help.

There is more that we all can and must do as the auto sector reboots and then continues to transform in exciting new ways. We will succeed and there will be opportunities for Canada to do so too. I look forward to discussing that with you.

• (1410)

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

Our next witness is Mr. Walker from Magna International.

You have five minutes.

Mr. Donald J. Walker (Chief Executive Officer, Magna International Inc.): Thank you.

Hello, everybody.

I sent a letter but I'm not going to read it all. I just want to hit the high points.

My name is Don Walker. I am the chief executive officer of Magna. I first started in 1994, so Magna, most of our management team and I went through the 2008-09 downturn, and we've taken a lot of the lessons learned from that.

We employ about 20,000 people in Canada out of our 160,000 people worldwide who operate in 27 countries.

When this first started, we almost immediately implemented our own travel bans, stopping people from coming in from China, which helped a lot. We've also asked people to quarantine.

We've been working on PPE. We've donated over 500,000 KN95 masks to Ontario, and we helped them source another million. That is coming out of China, and I think we can get more. We've also been involved in producing face shields, masks, ventilators, gowns, etc.

I won't repeat everything Dave just said because it's probably very similar. From a health and safety standpoint, which is our primary concern here, the automotive industry has worked really well together across North America and has taken lessons learned from operations and everybody, including ourselves. In China, they're back up and running. Europe has been back up and running. We've been sharing best practices there, so we have a very extensive playbook, probably very similar to that of General Motors because it was developed with everybody doing the same thing, which I think is critical to make sure we get the industry restarted safely and stay going.

We have had fewer than 150 employees test positive out of our 160,000. None of those, we believe, came from a spread in the workplace, but we contact trace in every case.

As an example of a large corporation, this had a \$1.- billion sales impact for us in the first quarter. It will be much bigger in the second quarter. In the first quarter it cost us over a quarter of a billion dollars, so it's a big strain.

We've been taking advantage of various government programs around the world. Some of them are a little difficult to follow, getting the details right, but we have been tracking that globally and we've been trying to support our employees.

I'll make this quick because Dave already said a couple of these things. We need to get the auto industry back up and running and stay running. If we shut it down again, we probably will not re-emerge for months and we'll have unbelievable damage to the supply base and the liquidity will dry up, so it has to stay running.

That means we need to get the dealerships open and hopefully people will start buying vehicles, which ultimately supports the industry. Dave mentioned the scrappage program, which would be very good to incentivize people to buy new vehicles and get the worst movers off the roads.

There has also been a suggestion for a tax holiday for potentially the HST or the GST on new car purchases for, say, a six-month period. I think we need to be aligning ourselves with the U.S. on everything we do, whether it's regulations or going back to work because it's a very interconnected industry.

As for what's going to be the new normal, we've had thousands of people working from home. We also look at how this industry will be hit by delivery of products and services now that everybody is ordering online. We can maybe get into this in the Qs and As. I think the government has responded well in a very difficult situation, trying to figure out what to do. I'm sure as we look back we'll have a lot of lessons learned.

I think we need to get off government programs as soon as is practicable because we need to incentivize people to go back to work unless they're compromised. I am very concerned about what's going to happen with the government deficits, debt, interest rates, trade policy, etc., and I'll be getting into some of that in the Qs and As.

Getting us all back to work is going to be very interesting. I think Canada needs to be focused on how to maintain ourselves as a healthy country fiscally going forward.

Thanks.

• (1415)

The Chair: Thank you very much.

Our next round of speakers are from Supply Chain Canada. You have five minutes.

Mr. Christian Buhagiar (President and Chief Executive Officer, Supply Chain Canada): Thank you, Madam Chair.

Thank you to the members of this committee for inviting me to appear before you.

Founded in 1919, Supply Chain Canada is a non-partisan not-for-profit corporation that acts as the voice of the supply chain community in Canada.

I would like to start my remarks by expressing my sincere thanks to the hundreds of thousands of supply chain professionals who have been working tirelessly to keep Canada moving across every sector in every industry from to coast to coast to coast. I would respectfully ask that the committee also recognize the tremendous work of our Canadian supply chain professionals.

In the interests of time, I'll focus my remarks on the lessons that are being learned as we move through the crisis.

Today's supply chains are global and interlinked and vulnerable to a range of risks with less margin of error for absorbing delays and disruptions. They are enormously efficient, which is meant to lower costs, but they are often more efficient than they are effective. Many are too linear and transactional and challenged with a long latency. Most supply chains are often slow to sense and adapt to market and consumer demand changes. Supply is primarily determined by historical sales order data and not by actual consumption and market data.

During this crisis, latency has caused the dichotomy of shortages in some products and excess in others. Future agile and resilient supply chains must reduce latency times and strengthen their ability to predict consumer demands due to market changes. Doing so will require more visibility throughout the entire value chain. Visibility will require more data and analytics, all of which will require a digitization strategy of the end-to-end value chains. We believe that there is a role for the federal government in supporting this transition to digitization.

Supply chain agility and resilience will also mean increasing geographic diversification. We have seen through the crisis that excessive dependency on single countries or regions is a risk. We have also seen that long supply chains over vast geographic distances are a risk. There is little doubt that more regional and local

supply chains will be at least a short-term result of the crisis, particularly for critical items. Whether onshoring becomes a broader longer-term strategy is yet to be determined.

Resiliency in supply chains also requires the safety of their supply chain workforce. Safety and resiliency are inseparable. It is in the interest of companies to protect their workers, and we believe that companies can be left to determine how to meet guidelines.

Guidelines need to come from government more quickly than they have to date. Guidelines must be clear and consistent across the country. We believe the federal government has an important role to play in establishing consistent guidelines and in leading national emergency management. During the crisis, province-by-province guidelines have created a patchwork and sometimes conflicting approach for companies that have to operate supply chains nationally and internationally.

Interprovincial trade restrictions must also be examined to ensure that in an emergency we can quickly and easily shift production and distribution from one region to another. We encourage the federal government to provide the national leadership needed to revisit all interprovincial trade regulations that in the face of an emergency may hinder agility.

There is much discussion now about the need to have larger inventories, particularly with respect to critical items. There is no doubt that inventory and stockpiles will need to be examined based on the challenges we have seen during the crisis. This examination should include a future-state framework for critical asset supply chain including sourcing, procuring and pandemic stockpile management with a system for total visibility for all stakeholders, federal and provincial.

We strongly encourage this to be overseen by a chief supply chain officer leading the function strategically and building the digitization solution and end-to-end tradeoffs to ensure success. However, we also believe that more important than inventory and stockpile management is to have what we call strategic capacity, the ability to understand and anticipate quickly what we need and what we can make in Canada, and to be able to turn on that corporate capacity quickly and effectively.

This is an opportunity that we believe will strengthen and protect Canada and that likely calls for a public-private partnership. We encourage the federal government to lead such a national strategy together with industry. In the longer term, it is clear that supply chains will need to change.

How we train supply chain professionals will also need to change. Investing in re-skilling our supply chain workforce will increase our ability to manage resilient supply chains. Canada should aim to become a world leader, and we would encourage the federal government to invest in the training.

Thank you very much, Madam Chair. We are happy to take your questions.

● (1420)

The Chair: Thank you very much.

Our next witness is David Montpetit.

You have five minutes.

Mr. David Montpetit (President and Chief Executive Officer, Western Canadian Shippers' Coalition): Good morning, Madam Chair and honourable members of Parliament.

On behalf of Western Canadian Shippers' Coalition, I would like to thank you for the invitation to participate in this session. My name is David Montpetit, and I am the president and CEO.

WCSC is a cross-commodity organization focused on the safe, efficient and competitive movement of goods while optimizing the transportation sector, which will ultimately benefit the Canadian economy. Our organization represents companies based in western Canada that collectively ship billions of dollars' worth of product annually to domestic and international customers and provide tens of thousands of direct and indirect jobs across Canada, including in many small communities where they are key employers.

Let me start by thanking the government for its efforts to minimize the impact of the COVID-19 pandemic on Canadians. This includes both bureaucratic and ministerial personnel at Natural Resources Canada and Transport Canada for being available and responsive to WCSC members through regular conference call meetings, and other MPs with the sitting government and the official opposition who have made themselves available to discuss our concerns. I also extend my appreciation to all shippers and supply chain partners for continuing to do their utmost to safely operate and deliver goods and services during this stressful, unpredictable period.

COVID-19 is only one of the challenges impacting Canada's supply chain. There has been pressure on our national trade corridors for several years, which is why WCSC participated in the Canada Transportation Act review initiated by Transport Canada in 2014, provided recommendations in response to Bill C-49 and continues to represent members on follow-up initiatives related to the Transportation Modernization Act.

COVID-19 struck at a time when shippers were still recovering from recent disruptions to the supply chain, including: first, service issues resulting from the CN rail strike in November 2019 and the usual winter weather conditions; second, a slow order issued by Transport Canada in response to the February 6 train derailment in Saskatchewan; and, third, illegal blockades on rail lines across Canada that also began on February 6 and continued through March.

The impacts of the measures taken by industries and government in response to COVID-19 include scheduling issues, shipping delays and container shortages; increased transportation costs for trucking and vessels; labour capacity issues such as a workforce that is diminished or stretched to meet decreasing and increasing demand; a drop in imports and exports to Asia and Europe; and reduced demand for products, for example in the energy sector.

The rail blockades and the COVID-19 pandemic have not only demonstrated the importance of Canada's supply chain to average Canadians for basic necessities, they have also exposed its vulnerability.

As Canada emerges from the pressures of COVID-19, our key concern is the recovery plan, the ability of the supply chain to have adequate resources in place to ramp back up when businesses start to return to more normal operations. WCSC members will continue to collaborate with Transport Canada and NRCan regarding to this.

We have some recommendations, the first of which is that a comprehensive review is necessary to determine precisely what Canada's major trade corridors will require in terms of maximizing the performance of our roads, rails and ports. This includes determining current and future capacity, first and last mile efficiencies, and bottlenecks in congested areas such as the Vancouver Lower Mainland and northern Alberta.

Second, we need a more robust data collection and analysis. The rail transportation system must become more transparent. In Bill C-49, government put in place transitional performance and service metrics reporting. Those metrics lack relevant context, in particular in relation to railway capacity. That has made the transitional provisions largely ineffective in promoting transparency and accountability.

Data that is aggregated and averaged over an entire country does not give a forest products mill in northern Alberta nor a mine in B.C. any actionable information. Shippers have taken a much more assertive role in developing their own internal, regional-specific railway performance metrics and require a benchmark from government to measure against.

● (1425)

We are extremely concerned about the damage to customer confidence in the reliability of Canada as a supplier of goods and resources resulting from the ongoing challenges in the supply chain. We will continue to work with government and other shipper organizations to seek solutions related to COVID-19, including, as I mentioned, the strategic recovery plan, a comprehensive supply chain review, and more robust data and metrics.

Thanks so much.

The Chair: Thank you very much.

We'll now move to our first round of questions.

Before we begin, I will remind witnesses that if you are using a microphone, such as an iPhone microphone, please bring it closer to your mouth when you're speaking so that our translators can do their work. Thank you so much.

With that, we will begin our first round of questions with MP Carrie for six minutes.

• (1430)

Mr. Colin Carrie (Oshawa, CPC): Thank you, Madam Chair.

I want to thank the witnesses for being here today. I think we have some of the best minds in the world in this virtual room, and I would like to call on you again.

For those of you who know me, I'd like to say a special thanks to David Paterson and Don Walker. We worked together—I thought your CAPC report was excellent work back in the day—to come up with the Conservative auto action plan, which was a sector strategy. What I'd like to say is that for the time, when that was there, that plan was a strategy that we could all see and move forward on. I think overall it was successful.

Today is different. One thing I notice with COVID is that Canadians, I think, are starting to realize the importance of having manufacturing and our supply chain but also essential goods, and whether it's for health care or for security, if we can't make it all in Canada, of having partners we can trust around the world to make sure we can get the products we need during times of crisis.

I want to talk to you about what the future plan looks like. We saw what the CAPC report said years ago, but now it's a different world. It's changing so quickly. In terms of the World Bank's ease of doing business, in 2015, when we left, I think Canada ranked 14th in the world. We're now down to 23rd, which is, by the way, closer to Russia at 28th, than our two largest trading partners. I believe the U.K. is eighth and the United States is sixth.

Moving forward post-COVID, what do we have to do for the plan? The government didn't have the plan before COVID, but we need something very aggressively post-COVID. What does that new plan for supply chains look like? Perhaps Mr. Balsillie and Mr. Montpetit could also address the questions about supply chains and what this new plan looks like.

Mr. Donald J. Walker: Do you want me to start?

Mr. Colin Carrie: You can start, Don.

Dave, we've done work in the past. Perhaps you could let us know your thoughts on what a plan moving forward needs to look like. We have to act soon.

Mr. Donald J. Walker: CAPC is the Canadian Automotive Partnership Council. I've been the chair since it started about 14 years ago. I think there has been a lot of good work done.

I personally think that when we get through the pandemic, for the most part things will go back to relatively normal. There may be situations where people get used to working from home. They

might have a different protocol for safety over the next six, 12 or maybe 18 months.

Probably a bigger impact on what's happening with the auto industry in Canada is the new USMCA. I was quite pleased that the federal government, Ontario, Quebec and the industry all worked together quite well. I think Chrystia Freeland did a really good job consulting with the industry. A lot of good people were working together on this, on what we need to do to make sure we're competitive and we have access to the U.S. market and Mexico. I look at that as being a pretty big trading bloc that can compete against places like China and should be on a level playing field with Europe.

I don't think much will change with the supply base in the automotive industry. For those people who aren't familiar with it, the auto industry is, I believe, the most technologically advanced industry in the world, without even a close second. It uses electronics and autonomous drive vehicles. Having a manufacturing base and an engineering base in North America I think will help raise the standard of living for everybody.

So I don't think that much changes. I do think we need to look at the new normal from a government perspective going forward, with the debt and everything else that's happened. Will that put a burden in taxes on companies? At Magna we're a proud Canadian company, but we have to go where we can make a profit. Hopefully, we can get everything in fiscal order. It will be similar in other places around the world. It will be very interesting to see what happens from a competitive standpoint.

• (1435)

Mr. Colin Carrie: I think you're right in that regard, Don. Maybe we could have somebody comment on the importance.... You mentioned the new CUSMA. I like to say it that way instead of USMCA. The amount of data you have to collect.... I know the Americans are moving forward with their 5G network. There have been complaints in the industry about uncertainty regarding where Canada is going to go. I mentioned the importance of our security system and whether we use Huawei because of the integration with the American market.

Maybe Christian or Mr. Balsillie could mention how important it is that the Canadian 5G network be in line with the North American and our allies in the 5G to make sure we can collect this data that is going to be so important and utilize it among our friends.

Mr. Jim Balsillie: Would you like me to jump in on this one?

Mr. Colin Carrie: Please, yes. I always like a Waterloo grad.

Mr. Jim Balsillie: The important thing is that we have a security alliance with the Five Eyes. I think when it comes to the Huawei situation, the most important thing is to listen to our experts and what they're doing. This is not a place for people without deep subject matter expertise in this. I would listen to our experts, and I think they have uniformly cautioned us that you give capability to turn against us because they have that. With USMCA, or CUSMA, you have to remember there are approximately two million words in that agreement, but the two words that are not in the agreement are "free trade". This agreement has nothing to do with free trade.

The Chair: Unfortunately, Mr. Balsillie, that's all the time we have for that round of questions.

The next six-minute round goes to MP Ehsassi.

Mr. Ali Ehsassi (Willowdale, Lib.): Thank you, Madam Chair.

Allow me to also thank the panellists, who are very insightful. I'm very grateful they all agreed to appear before our committee.

Mr. Paterson, you did touch on the Oshawa plant. I know you have ambitious plans. You've been working very hard to retool the facility GM has in Oshawa to produce masks. Among the things GM has done is order equipment that arrived approximately a month ago. You have been in close contact and are collaborating with Unifor. You've also had experts come in from GM in the United States who have expertise in producing masks.

Could you kindly give us an update on when we're going to see the production of masks at the Oshawa plant?

Mr. David Paterson: I expect we're going to see full production of masks this week. Things are moving along really well. I'm so proud of the capability of my company in the United States, first of all, to design the machinery to make masks in the first place, to go into our supply chain. One of the key things for us in getting domestic production here in Canada is to source material that we need for masks. We're really good at making cars, but this is a whole new area. We need to be safe. We need to be working with officials to make sure the things we're producing are going to be appropriate.

It's very interesting that in Canada there's a lot of discussion about N95 masks. They are masks that give you a complete face covering. They're really important in certain medical uses. We use them in our paint plants. They probably make up about 5% of the need, and are very important for those health care workers.

I've seen estimates. We are going to need three billion face coverings in Canada. We're going to be making about 10 million of them, but we're going to need a lot more from different sourcing areas. There are other great companies in the automotive sector, like Woodbridge and others, that are also transforming their operations to be able to make masks quickly.

We have some cleanroom space in the Oshawa plant. I thought, let's use it. We worked hard. We got ourselves lined up quickly. We had excellent support from all across the government: Health Canada, Public Services and Procurement Canada and the like. We're going to do this with no profit. We're doing it entirely at cost, and offering our facilities, our expertise, to be able to do it and to

do it quickly. We have hired approximately 60 people. We're bringing them back to work in the plant to do this production. They've been trained. We're ready to go.

• (1440)

Mr. Ali Ehsassi: Thank you.

Did I hear you say the capacity will be 10 million masks a year? Is that correct?

Mr. David Paterson: Yes, that's approximately where we're at right now. We're always going to continue looking at what else we can do.

Mr. Ali Ehsassi: Thank you very much for that update.

Mr. Balsillie, in your comments you were talking about changes to the Investment Canada Act, ICA. However, as you know, approximately a month ago the government announced that there would be enhanced scrutiny under the Investment Canada Act, and that, of course, is for investments that relate to public health, but also for the supply of critical goods and services. "Critical goods and services" has not been defined, and that allows regulators an elastic definition and a very broad one. Was that a step in the right direction, in your opinion?

Mr. Jim Balsillie: It's a very small step. I think it was very limited because it was temporary. When you look at Canada's peer countries around the world, you see that they've created very systemic and ongoing evaluations of their investment acts.

I would turn this question back to your committee. Have you defined the sectors that are strategic to Canada for investment purposes, and have you defined the technologies, companies and researchers that underlie those? You'll find that in any form of review, virtually all of them never hit the threshold of evaluation when the activity happens, whether it's a partnership, a licence or a small acquisition. You have to understand that the way you approach the ICA is anachronistic. It's very much for a tangible manufacturing economy, not for an intangible economy based on value chains and sovereign economic freedom to operate.

Mr. Ali Ehsassi: But surely you would agree, because you're asking our committee whether we've actually come up with a list of critical supplies, that if we do not have a specific list, that leaves the government a much wider scope to stop an acquisition. Is that not correct?

Mr. Jim Balsillie: In the famous phrase of Joni Mitchell, "You don't know what you've got till it's gone." Canada spent 30 years funding fundamental IP—

Mr. Ali Ehsassi: That's not what I'm asking, Mr. Balsillie. I'm saying that if we had a defined list, a positive list, of what we consider to be the critical sector, that would actually mean that people could take advantage of it. When you don't have a definition, it gives you more latitude, does it not?

Mr. Jim Balsillie: When you don't have a definition, you find out after it's gone, or you never find out what you lost. The overwhelming majority of the transactions that most peer countries would consider strategic never hit the threshold of evaluation of our traditional framing of the Investment Canada Act.

The Chair: Thank you very much.

Unfortunately, that's all the time we have for that round. As a gentle reminder, when you see the yellow card, it means there are 30 seconds remaining. When you see the red card, the time is up.

[*Translation*]

Mr. Lemire, you have six minutes.

Mr. Sébastien Lemire (Abitibi—Témiscamingue, BQ): Thank you, Madam Chair.

There are some extremely interesting concepts here. This raises the matter of the sovereignty, autonomy and self-sufficiency of our industry, and therefore of our supply chains. There has been a reduction in exports and imports and a disruption in the movement of our goods and services. The overwhelming majority of manufacturing companies have seen an impact on their operations. They have had to organize themselves differently and innovate.

The reliability and predictability of supply chains are critical to the competitiveness of the Canadian economy. We have to see to the visibility and traceability of elements throughout the supply chain, hence the importance of our infrastructure, data, trust and security. We need to ensure that our supply chains are both reliable and flexible enough.

I'm going to direct my question to Mr. Buhagiar of Supply Chain Canada.

What measures and decisions must the federal government take within its territory so that Quebec and Canadian businesses can improve the performance of supply chains?

• (1445)

[*English*]

Mr. Christian Buhagiar: Madam Chair, through you to the member, in my remarks I mentioned a few things. You also used some of the words that we would: predictability, traceability, reliability, agility. I would use visibility. I would use resiliency.

The challenge for us now—and this point was raised by a few other speakers—is that in order to be agile and resilient, in order for our supply chains to be nimble and responsive, we need to reduce latency. Latency is the time it takes from a market or a consumer change in demand to a company being able to respond. Right now the latency time for most supply chains is relatively lengthy. The ability to be nimble and more resilient will require that we reduce that latency so that corporations and supply chains can react more nimbly so they can change to address consumer behaviour.

We saw that play out. We're seeing that play out in the crisis. It's that dichotomy between shortages in some products and excess in others.

What we've suggested is digitization, an area where some of the large companies that are represented as witnesses today have done

a very good job. The majority of supply chains in Canada, however, are not digitized. They do not have that visibility across supply chains. That is where we think government can help to move Canada. David Montpetit talked about a national supply chain strategy, and the digitization element of supply chains needs to be a part of that conversation.

Like David and his organization, we support the necessity of a federally regulated—

[*Translation*]

Mr. Sébastien Lemire: That's very interesting. I'm sorry to interrupt, but I'd like to put some other questions, particularly to Mr. Balsillie, whom I consider to be a defender of our national autonomy. We need only think of hockey clubs.

BlackBerry has a very secure system, and I would have liked to ask him how he sees the current challenges with respect to the security of our data. However, I'm going to talk to him about the topic of the day, which is the economy and our security. What legislative and economic measures should we put in place to promote our self-sufficiency and autonomy?

Also, what would be the advantage of investing in our local innovation companies, rather than in foreign companies to have them come here to Canada?

[*English*]

Mr. Jim Balsillie: I would draw your attention to figure number 3 of the appendix that I supplied to each one of you. The challenge for Canada is that we misunderstood, in the era of liberalization of tangible trade, that we also needed a hands-on approach for intangibles. We have a 20- to 25-year backlog of strategies that we need to take, not the least of which are investment review, regulation of data, protection of sovereignty, protection of culture and protection of the economy. There is a large list of things that we need to do. Digital policy infrastructure, I think, is the urgent priority for Canada.

If you look at figure number 2 in my appendix, you'll see that in Canada's economy, the proportion of intangibles has not grown in 20 years, while it has soared around the world. I tie those two things together, and they imperil our sovereignty and our prosperity.

[*Translation*]

Mr. Sébastien Lemire: Thank you.

I'd like to take this opportunity to address Mr. Paterson of General Motors. This may be a comment rather than a question. I just want to mention that I drove from Rouyn-Noranda to Ottawa with my 2020 Chevrolet Bolt. I only needed to recharge the battery twice, 30 minutes each time. I'm very happy about that. I hope you will take advantage of the current situation to ask for more subsidies to make the shift to green energy.

The Chair: Thank you very much. Your speaking time is over.
[English]

The next round of questions goes to MP Masse. You have six minutes.

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

Thank you, Sébastien, for reminding me. I showed *Who Killed the Electric Car?* back in 2006. David remembers that.

At any rate, I do want to ask a question. I'll start with Mr. Balsillie.

Items 3 and 4 in your presentation go together: a national data strategy and then adoption of national standards, just to quickly summarize, to remind everybody about that. I would see those things as important priorities. We even heard testimony from other witnesses here today about a standardization process.

What are your thoughts about how the Privacy Commissioner might be a proper enhancement at the moment to help bring confidence in sharing more data and the rules around it for companies—not only domestic but international ones looking to invest here in Canada—and a set of common rules and expectations for the consumer and also the private citizen to protect their personal information as well? Do you have any comments on that?

• (1450)

Mr. Jim Balsillie: I think you've hit on a very important point, because a big part of a national data strategy is indeed regulations and standards. I would put all of that within the great big bucket of a digital policy infrastructure.

What's particularly important about data is that it's crosscutting. It affects our values, our security, our economy, our mental health, the competitiveness of our economy and our democracy, so I can only say that we need urgent action there.

I think we have an excellent Privacy Commissioner. He has implored to be given more enforcement powers. I would commend the Competition Bureau commissioner last week. The Competition Bureau moved into the privacy violation realm and said that it's a violation of consumer rights. Really, you need to think of this as a whole tool kit to address the secure sovereign prosperity of a nation; it's not a single-point approach. The tool kit's very different from the traditional neo-liberal tangible economy set of tool kits we've used.

Mr. Brian Masse: It's fortunate that this could be an efficiency for our country for investment if we do it right and do it quickly.

I want to move to Mr. Paterson with regard to one of your suggestions about a scrappage fee. We've talked in the past about this.

I've long advocated a national auto strategy. I believe that it's important for our national security as much as it is for innovation in the sector. We have just underperformed as a country. You can't look at the plant expansions happening across the globe and look at Canada. I'm across from Detroit, Michigan, here. They're up to \$8 billion in investment in Detroit alone. Our government has only secured \$6 billion in the last five years.

That needs to change, in my opinion. I've seen, Mr. Walker, your work at CAPC. It is far from the days of the robust CAPC in my opinion, quite frankly, when it was more of an activist base that had working groups that followed through on a regular basis. There's terrific work. I follow it all the time, and I thank you for that work.

We know in the past we had the ecoAuto “feebate”. That was when Toyota took the safety bags out of the back seat to get the gas mileage to go up and got \$1,000. That was about 10 years ago. They got a lot of that money. Most recently, we have a government program that left off the only domestically produced hybrid vehicle, the Chrysler, and the full electric vehicle here in Windsor, which we had to fix.

How could we tailor-make a scrappage program to more domestic needs? I'll be quite frank that I don't want to do an incentive to have people buy foreign vehicles that don't have any connection to North American manufacturing right now.

Mr. David Paterson: The problem with that approach is that we would only be promoting a handful of vehicles when the market buys hundreds of vehicles from different people all around the world.

I'd say a couple of things. I think we can design a scrappage program that will give us a dividend in greenhouse gas reduction, and we should take that advantage if we can do it. I think we can have one that inspires people who have older vehicles. When you replace any vehicle right now that is 12 years old with something new, you're going to get a 35% improvement in greenhouse gases at least. We've done the analysis and we're happy to share it. Then you have options in terms of electric vehicles that are coming.

The other thing I want to say apropos of some of the things Jim has said is that the automotive industry is not standing still and just doing the same things we've done in the 1900s. This is an industry that is going through rapid technological change, and there are huge opportunities for us here from CAPC's point of view. We've hired 1,000 engineers who are working on autonomous technology and on electric vehicles. There's going to be massive change coming forward in the auto industry.

I think Canada has fantastic opportunities to be part of the intangibles global economy that Jim's talking about, and to do it and grow up domestic suppliers that can have real competitive advantages, but we need to have a strategy to do that. I would welcome the chance to sit down and talk about that further.

• (1455)

Mr. Brian Masse: Yes, and I know that you guys had your car heaven program.

I only have a few seconds, as Madam Chair has given me the yellow card. It's a soccer thing, I think.

At any rate, I do want to say that what's taking place just across the river here is incredibly exciting, and I wish more of it were in Canada.

The Chair: Thank you, MP Masse.

We'll begin now our second round of questions.

The first question is for Madam Rempel Garner. You have five minutes.

Hon. Michelle Rempel Garner (Calgary Nose Hill, CPC): Thank you, Madam Chair.

I want to start by following up with the comment that Mr. Walker made, I believe. I will direct the question to Mr. Paterson as well.

Mr. Walker, I believe you said we need to get the dealerships open. I'm curious to know what your demand forecasts are. Let's say we would use May, 2019, as a year-over-year benchmark.

When do you anticipate those levels of demand coming back within the Canadian market, and what assumptions would you be using to make that projection? If you haven't done that forecasting yet, that's an acceptable answer as well.

Mr. Donald J. Walker: I wish I had a really clear view of this aspect.

Everybody around the world is looking at this question. We've looked at what's happened in China, as there are some differences there, but the demand is coming back. It has been slower to come back in Europe, and I think there are some different dynamics over there. From talking to our customers—I'll let them speak about what they want to do and maybe David can add some colour—it looks to me as though there's a fair amount of demand right now for the next three or four months, because cars haven't been being produced. We need to get the dealerships open.

Hon. Michelle Rempel Garner: Mr. Paterson, please answer very briefly.

Mr. David Paterson: I can add to that.

There is some pent-up demand in terms of people returning leases and other things that will help in the very short term. All the regular crystal ball tool kit has kind of been thrown out the window right now. We need to see what behaviour is going to look like.

Hon. Michelle Rempel Garner: Thank you.

I wish I had more time.

I'll ask you both very briefly a yes-or-no question. Are your companies pursuing the federal government for direct support, either through a credit facility or a direct subsidy?

Mr. Donald J. Walker: Yes. Magna is, not through liquidity but for their employees.

Mr. David Paterson: General Motors is in the same area, yes.

I think you'll find that right across the auto sector.

Hon. Michelle Rempel Garner: Thank you.

The rest of my questions are to Mr. Balsillie.

In a previous life I helped do some work with intellectual property commercialization in a couple of Canada's top universities. It was interesting to me when I saw some statistics recently that showed that American firms owned 50% of the world's IP. Our share of IP ownership has shrunk compared to the Americans' share in recent years.

Why is that?

For productivity—you have a minute and a half—what are the top recommendations you would make, a bullet-point list, to change our competitiveness? People sometimes say we should just diversify the economy like it's this magic wand that you can just wave, but the reality is that receptor capacity has to be there.

How do we retain IP in Canada, and what needs to change? Can I have a bullet-point list?

Mr. Jim Balsillie: Number one, upstream grants so that professors have to have a responsible IP policy and can't just give it away because they feel like it. They have to do it in a way that will benefit Canada.

Number two, train people on how the IP game works. It's very technical and it has to be done in a strategic fashion.

Number three, we need to address this through collective, organized fashions, kind of like western Canada has done with farm co-ops. We need to do that. We're so imbalanced in size.

It's very important to wrap up by saying that 3M has 7,000 discrete patents with the word "mask" in them. Just because we can manufacture a mask doesn't mean we have the right to make the mask. Therefore, we have to pay attention to our freedom to operate, because that's where the geopolitical, the economic and the security battles are.

Those are my three recommendations.

• (1500)

Hon. Michelle Rempel Garner: I'll be brief with the time I have left.

In terms of receptor capacity, what bothers me is that sometimes there's this dialogue in western Canada that we should just get rid of the energy sector and then diversify the economy.

Mr. Jim Balsillie: No.

Hon. Michelle Rempel Garner: Can you explain to people who might not understand what we need to do to build receptor capacity for things like clean tech and to retain IP in Canada?

Mr. Jim Balsillie: By far the number one patent filer in Canada, two and a half times number two, was Halliburton. Number four was Baker Hughes.

The oil patch is an IP and data business. What's going to happen to it, and what is happening to it, is that the value chains are going to go to those who own the IP and data, just like what happened to newspapers and taxi drivers. The same thing applies to the data to run a farm. We need sectoral IP and data co-ops, if you will, which was how Canada was built. We had mutual companies, we had credit unions and we had farm co-ops. We simply have to go to our own old playbook and have co-operative approaches, only in the competitive realms of intangibles, just as we did to build this country 100 years ago.

Hon. Michelle Rempel Garner: Thank you.

The Chair: Thank you very much.

Our next round of questions goes to MP Erskine-Smith. You have five minutes.

Mr. Nathaniel Erskine-Smith (Beaches—East York, Lib.): I want to pick up where Michelle left off, to some extent, but first, you've recommended national digital standards, including in relation to identification. In the last Parliament, at the privacy committee, we looked very closely at Estonia and the work in the EU. It did occur to me in the course of this crisis, as we're forced to live even more of our lives online, that we would have been so much better placed to live our lives online had we had a digital government in place to begin with.

Mr. Jim Balsillie: Yes, that's correct. It's the plumbing structures. The government gives you a physical identity in a driver's licence and a passport, but they've abdicated that role, essentially, in the digital realm. As we move to more online services, the government has to provide some form of identity or else corporate actors will do it, and it comes with a social media account or some kind of Airbnb rating.

The other thing is we have to have data-sharing standards. I can assure you that the folks in Treasury Board want to see these things, but it needs pressure from your committee to say to Finance that this is a priority.

I need you to understand that these are very small dollars. We're talking \$10-million, \$20-million or \$30-million antes to make us safe and strong in this digital evolution, but you won't do it if you don't understand that it's important. That goes to that whole realm of what is called "digital policy infrastructure", which we haven't paid attention to in 20 years.

Mr. Nathaniel Erskine-Smith: Not only would that improve customer service from their governments for Canadians and citizens, but it would also be a significant return on a small investment, as you say. Estonia has certainly reaped significant economic rewards overall.

On innovation, there was a report in the Globe that the National Research Council has made an agreement with CanSino. We are going to foot the bill to some extent, but we have no IP and no guarantee of supply. Natalie Raffoul and Jim Hinton called it innovation "philanthropy". They point not only to that example but to similar university networks supporting 5G research, AI research and the research on batteries out of Dalhousie that Tesla has managed to profit from.

Along the way, we are funding research and we are not reaping the benefits. Those two authors recommend an "IP collective", and I think Jim Hinton is part of building out an IP collective. This is one of your main recommendations here as well. How does that help? Walk me through how an IP collective would support Canadian innovation.

Mr. Jim Balsillie: If you look at the U.S. filings for last year's patent filings—they just came out yesterday for the top 300—you'll see that these companies are building enormous arsenals. Facebook's filings were up 78% last year. IBM filed another 10,000 patents. We're so mismatched by 20 years of not paying attention that the only way we can rebalance this is through collective actions.

Again, I draw to the story of western Canada. It was so imbalanced to the force of the U.S. a hundred years ago that communities came together and created collective strategies. We need the same for IP. We can talk all we want about supplying clean tech, but we own virtually no clean-tech technologies. We've funded them through our researchers and we've funded them through our granting programs, but they've all leaked out.

CanSino is another case in point. We're counting on the benevolence of China, a Chinese company and the Chinese military for our sovereign ability to look after our health in a vaccine. That's no way, I believe, for a country to manage its security, sovereignty, health and prosperity in the 21st century.

• (1505)

Mr. Nathaniel Erskine-Smith: Presumably in the case of an IP collective, the idea is to allow Canadian companies to maintain IP here in Canada and to better profit from IP here in Canada. I wonder, when it comes to public investment, what that looks like for a return for the state as well.

As Mariana Mazzucato wrote in *The Entrepreneurial State*, “Where an applied technological breakthrough is directly financed by the government, the government should in return be able to extract a royalty from its application.”

I wonder what you think about not only ensuring that Canadian companies are benefiting, but where we are significantly investing state dollars, public dollars, public investment, in our university networks and beyond, and where companies, Canadian or otherwise, are able to profit, should the state not have a direct return as well?

Mr. Jim Balsillie: I love the idea, and it's a lot better than making China richer with our money. I love your idea.

Mr. Nathaniel Erskine-Smith: Thanks very much.

The Chair: Our next speaker is MP Patzer. You have five minutes.

Mr. Jeremy Patzer (Cypress Hills—Grasslands, CPC): Thank you, Madam Chair. My first questions will go to Mr. Montpetit.

Thank you for being here today, Mr. Montpetit. We can all appreciate what a challenging time this must be for your industry.

Mr. Montpetit, with regard to the closures from the rail blockades earlier this year, was your industry still feeling the effects of that as COVID-19 was progressing?

Mr. David Montpetit: Absolutely, it was. One bumped up pretty well right into the other, and yes, definitely, the impact was there.

One thing about the supply chain and anyone who is dealing with the supply chain is that we're used to dealing with issues, so this just became another issue on top of another issue, but yes, we were definitely impacted by it. It did roll over.

In fact, as I stated earlier, we had not received a break at all. It's been six months, since November, since the CN strike happened, and it's been rolling forward ever since. I would honestly say that there was no chance to recover at all, because one just bled right into the other.

Mr. Jeremy Patzer: Are you concerned as we come out of the COVID pandemic that blockades will once again be an issue? Where are you at in that sense?

Mr. David Montpetit: There's always a concern with that, because I don't think all of the issues that came up were fully vetted and put to bed. There's always a concern that once that behaviour has happened in the past, it can possibly predict future behaviour too.

Mr. Jeremy Patzer: Yes. How well is the federal government doing at sharing clear and specific details with you as things are evolving?

Mr. David Montpetit: Sharing details about what?

Mr. Jeremy Patzer: I guess just how the crisis is and how it's affecting your industry in getting supports and different things.

Mr. David Montpetit: Well, we've had very clear communication with Transport Canada specifically and also with NRCan, our way to them, so one way, and I know they've obviously been dealing with it internally the best they can, but do we have any solutions in hand? No.

Mr. Jeremy Patzer: To jump back to the issue of infrastructure and railways again, how concerned are you about the state of rail infrastructure in Canada? The reason I ask is that in your speech you referenced some of the rail issues in Saskatchewan. Derailments are happening, not necessarily in my riding, but very close to it.

Mr. David Montpetit: Overall, to be fair to the railways, we have good rail infrastructure in the country. Some areas have far more coverage than others, but overall we have a good rail system. It's a matter of dealing with some of the bottlenecks within the rail system and determining where they are, and those bottlenecks are more out of infrastructure than they are from cutbacks at the railway or what they're currently doing. They're just making adjustments to the current business environment.

As I mentioned before, I believe we need a full supply chain review, and I think it became clear after going through what we've gone through that we need a review of all modes in the supply chain—not just railway, but roads, ports, etc. I don't think we've done that yet. We've done it in spits and spats, but we really have not looked at the collective supply chain.

Mr. Jeremy Patzer: Right.

Expanding on that, then, it has been suggested that Canada is currently facing a container shortage. Is that an accurate assessment, and what are the effects of such a shortage on the supply chain?

Mr. David Montpetit: We are experiencing a container shortage. For example, coming up in June alone, out of the port of Vancouver, or I should say the west coast, there are nine missed sailings already with container ships. Until the export trade out of China and out of Asia matches what we need and things come back, we're going to continue to face this over the next six months at least, and it's something that doesn't correct itself overnight. For a ship to get to and from any variety of ports in Asia takes months and months.

Fortunately, exports are going fairly well for some of my members, all things considered, but we do need to monitor that. It's an ongoing situation that we have to monitor, but it is a concern, and it will be.

• (1510)

Mr. Jeremy Patzer: Thank you for that.

My colleagues Tracy Gray and Todd Doherty released a statement urging the government to take action to ensure that truckers had access to things like facilities, food and rest stops.

Are you aware of the federal government taking any steps to address these concerns, and is this still an issue?

Mr. David Montpetit: We did bring that up with Transport Canada and NRCan early on, probably in the first two days, and in all fairness, it was submitted upward. I'm not sure who dealt with what, but I have to say the shippers are shippers alone. The energy companies did deal with it. They put protocols in place, and I acknowledge that, especially on the retail side and the cardlock side for truckers.

Mr. Jeremy Patzer: Thank you.

The Chair: Thank you very much.

Our next round of questions goes to MP Longfield. You have five minutes.

Mr. Lloyd Longfield (Guelph, Lib.): Thank you, Madam Chair.

Thank you to all the witnesses.

I'm going to start with Mr. Paterson and then Mr. Walker to talk about the recovery phase and reopening the plants.

Specifically with Mr. Walker to start, I've been talking with the local Magna plant. I talked with them a few weeks ago. The opening of the truck plants in the States was going to be driving us towards opening in Canada and then working with the provincial labour minister and the Department of Labour to inspect our operations. I heard that the extensive playbook that you have is 140 pages. How is that available for the plants in Canada as well as possibly other manufacturers?

Mr. Donald J. Walker: I think they already said that General Motors will share theirs. Ours is 64 pages long, and it also covers offices as well as plants. We've had government people in to look at them and approve them, but this is a playbook that's been agreed to among the whole auto industry, so I think it's very thorough, and we're happy to share it.

Mr. Lloyd Longfield: Okay, that's terrific, because Guelph has a lot of auto parts manufacturing, and we're in the supply chain.

Looking at testing, the premier has been making comments recently about our not hitting testing numbers. I had a conference call earlier this morning with our mayor and with a representative from the manufacturing industry. I was making the suggestion that maybe we could have groups from the automotive parts manufacturers go to the testing clinics to set up slots of times where we could get people into the clinics and back out to their shifts. Is that something you're doing anywhere in the world, or is it something worth considering?

Mr. David Paterson: I can jump in on that. I know that the Ontario government's been interested in really significantly ramping up the volume of testing. Much of the testing protocols in our plants is to make sure that we respond when we have somebody in the workplace who catches a fever or something like that, and they can go to the nurse's office and get referred to the system. I think the ramp-up of testing that's also being discussed is to increase test-

ing for asymptomatic people and to try to get broader data and the like.

Mr. Lloyd Longfield: Yes.

Mr. David Paterson: Drive-through testing is something that is attractive. We've set aside a parking lot in Oshawa that is sitting there available for Health Canada or others in Ontario to set up a drive-through testing capability. We have bottlenecks of times when our shifts change in plants, but we could have a regular opportunity for people to go in voluntarily and do testing. Similarly, we could have all the Durham region going through that area too.

I think there are ways to do it without disrupting the really good protocols that are in place right now.

Mr. Lloyd Longfield: That's great, because we have to get beyond temperature testing and just asking questions. As you said, testing asymptomatic people is really the key.

As we look at the second wave—I'll stay with you, David—you're also making ventilators. It hasn't come up in your presentation yet. It looks like we're going to have more ventilators than we need for this wave, but could you comment on the capacity for ventilators for the second wave and opportunities for export?

• (1515)

Mr. David Paterson: Well, I'm not a ventilator expert, but General Motors was able to help a company called Ventech in Seattle to essentially tear apart their ventilator down to 700 parts and use our international supply chain to resource those parts. Don Walker is making some of them, and so are other Canadian suppliers like Linamar. Those are rolling off the assembly line in Kokomo, Indiana right now. We have another couple of our companies in the auto sector that are making ventilators right here as well.

Really, whether they're face masks or ventilators, it's really got to be Health Canada and the experts who tell us what the demand numbers are and where we need to ramp up. We can manufacture, but we need that guidance.

Mr. Lloyd Longfield: Yes, and of course Health Canada has to continue to work with the provinces and territories to get the local numbers into the system.

Looking at the scrappage program, I had a Zoom call with our local retailers and also the automotive retail council and the automotive parts manufacturers. Everybody's talking about a double win by getting more cars on the road with lower emissions as well as helping to stimulate the economy. Scrappage programs are generally provincial, so we would have to coordinate with provinces like B.C., which already has a scrappage program. Are you working with provinces as well on this idea?

Mr. David Paterson: Yes. I had a call with two provinces this morning, so yes, we are looking at what things we can do to coordinate.

Mr. Lloyd Longfield: Super. Send them our way.

Thanks a lot, Madam Chair.

[*Translation*]

The Chair: We are moving on to the next round.

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

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

My question will be for Mr. Paterson of General Motors.

Like my colleague Mr. Lemire, I own a Chevrolet. I don't own the Bolt, but the Volt. Nevertheless, I'm very happy with it. Someday, I'm going to switch to the Bolt.

I believe it was you who mentioned the Canada-U.S.-Mexico agreement earlier. In any event, we were talking about the auto industry and there was some discussion about it. We can see that there are provisions in this agreement regarding original content, which must be North American. In the Bloc Québécois, we fought for aluminum. According to the trend, parts will now be made of aluminum. The auto sector is tending more and more toward self-sufficiency.

Now, I would like to raise the issue of energy. The electrical industry is the future of employment in Quebec. That seems clear. Would you be in favour of legislation to ensure that an increasing number of zero-emission electric vehicles are built?

California, which has the same population as Canada, has such a law in force, as do several states, and Quebec has had one for four years.

[*English*]

Mr. David Paterson: If I can answer that to start off with, first of all, thank you for driving an electric car from Chevrolet.

We intend to see a huge turnover of our General Motors fleet into electric vehicles, from pickup trucks down through the entire fleet of vehicles we offer. We are building an enormous battery plant in Ohio right now.

I think there are two major changes that are going to take place in the auto sector. One is electrification. The other is autonomous vehicle technology.

I think that change is coming, but one has to be really careful in bringing forward laws that push things so quickly that we end up not having the ability to make the transformation.

We're very comfortable with Quebec's law, but we have to work together to make sure these things are managed in a correct time.

[*Translation*]

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

[*English*]

The Chair: Our next round of questions goes to MP Masse. You have two and a half minutes.

Mr. Brian Masse: Thank you very much, Madam Chair.

Mr. Walker, I want to acknowledge something. My brother works at one of your facilities here in Windsor. The outreach that was done to prepare the workforce in going back to work was extensive. They were provided PPE and a whole procedure with regard to testing. Some of it was digital and online, while some of it was flexible, so that if you showed up for work in advance and there was a problem, there was already triage for those individuals who weren't comfortable with doing the online stuff.

Can you highlight something with regard to some suppliers underneath you that may not have the same types of support? There may be a need either for some global standards or some assistance, because I know of other factories, the lower-tier suppliers in the auto sector, that just don't have the resources or even the structures in place to be able to do some of the higher standards that you're doing.

I'm not suggesting that they are unsafe and I don't know all the environments, but I know, for example, that friends and family members are being treated differently at different plants.

● (1520)

Mr. Donald J. Walker: Sure. I think the smart start has been shared across the board in the auto industry, and it has been cascaded by companies like General Motors and Ford down through the supply base, including our supply base as well.

Everybody should basically learn it and implement what they want. There are different opinions based on different geographic regions, but Canada should all be similar. I do think that other industries can use the same playbook if they want.

I think it is absolutely critical that we get people back to work. We can do it safely. Once we're back to work, we cannot shut down again since we're into the contact tracing, but if I was going to make one point on this panel, it's that we need to get industry going again. We need to get the country going again, because we're going to be bankrupt if we don't.

I don't think it's going to be that difficult. It's going to be a bit more expensive, but I think all the work has been done. It's out there now.

Mr. Brian Masse: Thank you.

I know, Madam Chair, my time is up. Thank you.

The Chair: Thank you very much.

Our next round, the third round, will start with MP Van Popta.

You have five minutes.

Mr. Tako Van Popta (Langley—Aldergrove, CPC): Thank you, Madam Chair.

My first question will be for Mr. Balsillie. Thank you for being here.

You made the point, Mr. Balsillie, that Canada's productivity measures have been lagging for the last 25 years compared with some of our trading partners, but you said, and I hope I'm quoting you correctly, "Crises always clarify priorities."

I like that optimism, but given this historic lag of productivity, is it realistic to think that Canada, in a post-COVID relaunch of its economy, can actually be competitive in the innovative space?

Mr. Jim Balsillie: We can, 100%. We just have outdated policy thinking.

The whole world, 25 years ago, approached productivity as a two-legged race. There was neo-liberalism for the tangible economy, where you got rid of friction and had free trade, and then for the intangible economy, based on restriction, they built a set of digital policy infrastructures. Canada thought it was a one-legged race and the rest of the world ran it as a two-legged race. All I'm suggesting is perhaps we invoke the second leg.

That's what I mean by updated thinking. We have lots of experts, but they're not used because the keepers of the policy orthodoxy don't think it matters. What's the old expression? "I've seen the enemy, and the enemy is us."

Mr. Tako Van Popta: Thank you. That's a good answer.

Still about productivity lag in Canada, do you see a correlation between Canada's lagging productivity growth on the one hand, and on the other hand our inability to grow homegrown technology companies from start-up to scale-up? That comes from your website, the distinction between start-up and scale-up.

Mr. Jim Balsillie: I do, 100%, yes. The ideas economy is based on the principle of restriction. It's an abstract construct. Ownership is based on what are called marketplace frameworks. You can only be successful in the ideas economy and to scale in a way that moves the dial if you have a full and complete digital policy infrastructure that's created in what you call a public-private framework.

The whole world went hands-on 20 years ago when we went hands-off. We will only scale up and we will only reverse this productivity once we understand how the game is played and get rid of these corrosive neo-liberal approaches for the purposes of the ideas economy.

Mr. Tako Van Popta: Thank you for that.

You also made the point.... I find it intriguing, the concept of an IP collective. You draw the parallel to the history of western Canada in particular and the development of it.

Has the concept of an IP collective proven successful in any other situation, in any other country?

● (1525)

Mr. Jim Balsillie: Many countries use IP collectives. In fact, all of these state industries were, at their origins, IP collectives through their telcos and their various industrial Crown corporations around the world. Korea has it. Singapore, France, Japan—they have multiples of them.

Also, we should employ a data trust, which is just another form of collective for data. These are organized tool kits as a result of creating institutions that create an environment in which you can prosper. These are hands-on technical realms.

We have to take charge of our own future, our own destiny, and build our country. Nobody's going to build it for us. We built this country 100 years ago with courage and deliberateness. For some reason, we caught this narrative that it was hands-off 25 years ago, and the whole world was double hands-on.

I did business around the world. Every country is hands-on in its ideas economy. We were the only one I ever encountered that were hands-off on all these things. That's why I'm trying to explain this to you. We don't have to do anything novel; just do what all the other successful economies are doing.

Mr. Tako Van Popta: Would an IP collective require any legislative measures, like amendments to the Patent Act or the Trade-marks Act, etc.?

Mr. Jim Balsillie: No, and it's allowed through USMCA, as are data trusts, and it was approved in the budget two years ago. We just have to choose to implement it. It hasn't been implemented yet, because I don't think that people think it's important. We don't think that owning our ideas is important. We think it will just go out to the world and somehow it will work out. It's hands-off. We don't even tie our funding to it. Tens of billions of dollars we've funded, and we don't make sure that it stays for the benefit of our economy, security and prosperity,

I've seen no country in the world do it like we do. It's unfathomable to anyone who's skilled in the arts.

Mr. Tako Van Popta: I have one quick question. How does our Canadian Intellectual Property Office, CIPO, compare to regimes in other countries in its effectiveness and its ability to be responsive to industry?

Mr. Jim Balsillie: It's fine, and they are doing a good job on education, but we just have to understand that what they do is strategic, and we have to do a lot more of that.

It is the upstream funders that matter, not the implementers of the owned ideas. CIPO just processes what comes to them.

The Chair: Thank you very much.

Our next round of questions goes to MP Jowhari.

You have five minutes.

Mr. Majid Jowhari (Richmond Hill, Lib.): Thank you, Madam Chair.

Thank you to all the witnesses. This has been quite an informative session.

Let me start by going back to a number of different topics that came up that resonated with me. To move on, we have to get the economy up and running. Then we have to keep it up and continuing to run.

I also heard a lot about resiliency and about a two-legged race, that we excelled in one and we forgot about the second, and we are hearing we did that some 25 years ago.

We also heard from Mr. Balsillie that he had hoped our committee or the government would have a list of sectors that would be prioritized in ramping up the economy and building resiliency on that.

Traditionally you could take a GDP-by-sector approach and say these are the sectors where we would ramp up and build in resiliency by putting in safety, tracking, testing and all of those things, and ramp it up and make sure that you bring confidence to the consumer to increase general demand again, but what I'm hearing from you, Mr. Balsillie—and I'll start the questioning with you first—is that we need to bring in the IP collective and we need to bring in the second leg.

If my understanding was correct, in the absence of not having a strategy, can you help us depict a strategy forward on which sector the economy will focus, in what area would we launch and how we build resiliency in that?

Mr. Jim Balsillie: What we pick is a bit of a normative exercise, so you tell me what's important and I'll tell you how to do it right.

If we think being sovereign in our medical industries is important, then we should be doing a whole bunch of things very differently. If we think our energy sector matters to us and our agricultural sector matters to us, then we should be doing whole bunch of things in an investment act, in data trusts, in patent collectives and vertical forms of investment.

You decide what is important to be a sovereign nation. What mattered 100 years ago is different now, and certainly a pandemic heightens other forms of priorities, so you have to say what is important and then you have to design the tool kit to make sure you protect the importance of those things. There was a time 100 years ago—

• (1530)

Mr. Majid Jowhari: Yes, I understand, so in your opinion—

Mr. Jim Balsillie: In my opinion? Oh, my goodness, I think—

Mr. Majid Jowhari: Yes, what sector should we lead with to support our nationality in the new norm after COVID-19?

Mr. Jim Balsillie: What others call the family business—our traditional resource industries like energy, mining, agriculture, fisheries, forestry—should have an IP and data strategy with them so that they don't get done to them what Uber did to taxi drivers and what John Deere and Bayer can do to our farmers. We have to protect ourselves in what are called value chains.

The car drivers had control of the supply chain of the car, but they lost control of the value of their business and the price of their job, and it all went to those who controlled the IP and data, and that's what I'm talking about in collective forms of value chains that we need to have strategies for.

I would apply them, most importantly, to our traditional businesses and include medical in that. I would certainly include manufacturing and automotive in that, by all means.

Mr. Majid Jowhari: What you are saying is to do a traditional and parallel approach. Certain sectors or central industries still remain core, but then we should go back and re-evaluate based on the new norm of what we think we should add as a priority and start building resiliency and launch these reopening initiatives one by one.

Mr. Jim Balsillie: Yes, you should have offensive and defensive forms of protecting the value in those core Canadian traditional businesses, because the world has shown it has become much more mercantilist and rivalrous. Everyone is a lot more by themselves than they realize, so you have to create more sovereign approaches, and what you will find out is that if we don't control the value chain, then we're just competing on cost to the bottom, if even that.

Mr. Majid Jowhari: Thank you.

I have 15 seconds, which I will yield to the chair.

The Chair: Thank you very much.

Our next round of questions goes to MP Dreeshen. You have five minutes.

Mr. Earl Dreeshen (Red Deer—Mountain View, CPC): Thank you very much, Madam Chair.

I want to thank all of the witnesses for coming today. Your presentations have certainly given us a lot to think about.

I think the big question is, what will this government learn from the pandemic? Will it continue to use it as a tool to hypnotize the masses, or will it abandon its global initiatives and focus on Canadians?

Those of us with secure jobs or fixed retirement incomes, minus the stress of investment depletion, will weather this storm for now, but printing billions of dollars a week to cover the Prime Minister's daily cuckoo clock appearances will hurt us for generations to come, and those people working for businesses teetering on the brink will need to make wage concessions that the public sector would be appalled by, so we need a plan. We can't make the same mistakes again.

Health and social distancing decisions made for high-density communities are necessarily different from those for communities that are more sparsely populated. Supplying funds to help small business owners adapt to this new reality would have been much better received than having them watch their clients all flock to big-box stores for their purchases. The most common theme we've heard throughout this nightmare has been the concern over both the lack of any federal government plan to reopen Canada's economy and the lack of any plan to build and support Canada's future economy. Let's call that a 10-year plan for the economy of the future.

This Liberal government is devoting huge resources to so-called "green economy businesses". We've just heard from Mr. Balsillie how we really should be thinking about and concentrating on our core values. Regardless of the damage that it does to these other economic sectors, they fail to recognize—

Mr. Lloyd Longfield: Madam Chair, I have a point of order.

The Chair: We have a point of order on the floor.

Mr. Lloyd Longfield: There's a speech going on versus a study, and the speech is including non-parliamentary language towards the Prime Minister. I would just caution on that.

The Chair: Thank you very much.

I will remind the members that we are to maintain parliamentary language and respect for all members in the House.

I will let Mr. Dreeshen continue.

Mr. Earl Dreeshen: Thank you.

Hon. Michelle Rempel Garner: On that point of order, Madame Chair, I'm curious to know what the unparliamentary language was. A colleague was chastising my colleague for using his time as he saw fit. He made an accusation, and I kind of don't agree with it.

• (1535)

The Chair: The comment that was unparliamentary was the cuckoo—

Mr. Lloyd Longfield: That was the point, Madam Chair.

The Chair: I ask that members remain professional.

We will continue. I'll restart the clock at 3:15 remaining.

Hon. Michelle Rempel Garner: But the cuckoo clock appearances in and out of Rideau Hall have been used in the media. I think he was just quoting. I could be mistaken, but I think it has been used in—

Mr. Lloyd Longfield: Madam Chair, members of Parliament aren't using that language.

The Chair: We are now getting into debate. I have put out the comment. I'm asking MP Dreeshen to continue his questions. He has three minutes and 15 seconds.

Thank you.

Mr. Earl Dreeshen: Thank you very much, Madam Chair.

If the Prime Minister's feelings are hurt, then I take that back.

They fail to acknowledge the other Canadian resource opportunities and are slow to react to rail transportation issues. As the Council of Canadian Innovators has stated, this government turns to U.S. tech giants much too quickly. They're demanding attestation of goodwill towards climate goals for government loans to appease their one world order investors and have all but abandoned Canada's agriculture resource sector as well as many of the emerging sectors being defined by entrepreneurs.

We know that Canada is well positioned to be a legitimate global player in the so-called "big data field", especially in industries where the country already has an advantage, such as agriculture, mining, infrastructure, health care, and oil and gas.

My question is to Mr. Balsillie from the Council of Canadian Innovators. Your group has long advocated that the government develop a national data strategy in support of Canada's brightest minds and entrepreneurs, who will be so vital to our future economic success. What do you think the consequences will be if the present government fails to develop an effective plan to reopen the economy in the wake of COVID-19 and doesn't develop a plan for the economy of the future?

Mr. Jim Balsillie: Thank you for the question.

If we don't come forward with a national data strategy—data is crosscutting, and it affects not only our prosperity but also our norms, our democracy, our security and our mental health—then I think we'll lose our sovereignty as a country in security, prosperity and democracy. I can't think of a more important policy priority.

It's very important to know that about 250,000 global patents have been filed just on AI alone in the past 20 years. Canada is the only country in the WIPO report of leading AI filers to have a reduction in its IP filings in AI.

We may not even have the right to apply algorithms on our own data, because we don't have what's called the "freedom to operate" patents to do that. That would be part of a national data strategy.

Mr. Earl Dreeshen: Thank you very much.

I believe it's also been mentioned that Canada needs to diversify its products, not just its markets. We can think back again to the Prime Minister's line during the first government where he noted that Canada needs to be known for its resourcefulness, not its resources.

Of course, the government did that after it had to focus the vast majority of its resources on this so-called "green sector" while virtually ignoring everyone else, particularly our world-class natural resource environmental expertise that we should be marketing around the world instead of acting like it's something to apologize for.

This and many other things are critical factors accelerating the exodus of Canada's best and brightest. I'm wondering if you could talk about how we could bring back some of those folks who have been pushed towards Silicon Valley in the U.S.

Mr. Jim Balsillie: They can't go there now, so we should have a strategy to welcome them and make sure that the opportunities are here. I actually think that every business is a tech business and just about every business is a clean-tech business. The way that you become a clean-tech business and a prosperous business with good jobs is by controlling the value chains of IP and data. It creates a very virtuous cycle. If we start taking control of our destiny in this very expert and technical realm, we'll be fine.

Mr. Earl Dreeshen: Thank you.

The Chair: Our next round of questions goes to MP Lambropoulos. You have five minutes.

Ms. Emmanuella Lambropoulos (Saint-Laurent, Lib.): Thank you, Madam Chair, and thank you to all of our witnesses for being here with us today to answer our questions.

I had a question similar to what MP Dreeshen just asked. Mr. Balsillie, you spoke about reversing brain drain and using the pandemic to keep our most innovative and brightest minds in the country. I was wondering if, as the chair of the Council of Canadian Innovators, you'd be willing to share with us some strategies.

I know that obviously there's the value chain and making sure that they feel valued, but I'm looking for something more specific. Can you give us some very specific recommendations? If you knew that tomorrow the government would implement your strategy, what would you give us as advice?

• (1540)

Mr. Jim Balsillie: My first recommendation was create an innovation core along the line of our tech talent radar portal whereby we make sure that these people find better jobs in Canada for the summertime that they're here, because the border may not open for eight or 12 months. We have an unusual opportunity to reverse the brain drain. It would be reversed temporarily, but we can actually make Canada a preferred destination.

In certain key computer science disciplines at the University of Waterloo, 90% of the graduates leave Canada for Silicon Valley. They can't leave now, so the top students are here. Let's have them build our country, make them our leaders, deploy them and make that our orientation.

That's what I mean by the sense of opportunity. How do we deploy them in a strategic fashion and make sure that we're building industries where they feel that they're building something exciting for the future, for themselves and for the nation?

Ms. Emmanuella Lambropoulos: Thank you very much.

You also mentioned in your introductory statement that we're in a 21st century data- and knowledge-driven economy but that we use practices of the 19th and 20th centuries and that we need to bring our smart policy measures forward.

As I am one of the last questioners today, are there any recommendations that you would like to bring forward that you haven't already mentioned?

Mr. Jim Balsillie: I've mentioned them all in figure 3, in the digital policy infrastructure.

I think the one recommendation I would make on top of that is we have to be honest about the degree to which our policy community has been captured by foreign interests. They're not interested in our having a sovereign, prosperous approach; they're interested in our being cheap labour and being easily exploitable markets for foreign goods, because that's what you're supposed to do when you're a foreign company setting up a branch plant.

A sovereign Canada is not their job and not what they're interested in, so we have to be very cautious about the degree to which foreign companies have captured the regulatory mechanisms and policy-making of our country. I see it every day, which is why I articulate the counter-narrative that the true Canadian innovators believe in.

Ms. Emmanuella Lambropoulos: Thank you very much.

If I have any remaining time, I'd like to pass it on to my colleague, MP Longfield.

Mr. Lloyd Longfield: I wasn't expecting that.

How much time do I have, Madam Chair?

The Chair: You have one minute and 35 seconds.

Mr. Lloyd Longfield: I'd like to start with Supply Chain Canada and Mr. Buhagiar.

The Magna Centre for Supply Chain Excellence is located in Cambridge. The federal government has put a lot of money into the research centre that's being created there. We can see how companies like Magna, General Motors and others have pivoted in this crisis. Where should we be focusing on investment in research coming out of COVID-19, in terms of supply chain?

Mr. Christian Buhagiar: I appreciate the question. Let me assure you that we actually do a lot of work with Magna Centre, and we thank Don for the great contributions that they've made. Brian Watson, who leads the centre, is a good friend of ours.

I will mention a couple of things. First, let me say that I'll leave it to the great minds in research to think about the great topics. From our perspective, however, the key is around reducing this latency, which requires a digitization of the supply chain. The key there is to determine how we take consumers' market-driven behaviour, predict where consumer behaviour is going to go and be able to feed that much more quickly into the supply chain so that we can shrink that latency.

Does that help?

Mr. Lloyd Longfield: It does.

I have a follow-up. Hopefully, I'll have a little time in the next round. Thank you.

The Chair: Thank you very much.

Our next round goes to Madame Vignola.

[Translation]

Ms. Vignola, you have two and a half minutes.

Mrs. Julie Vignola (Beauport—Limoilou, BQ): Thank you very much.

I'm going to talk about supply. I find it extremely interesting to hear you talk about innovation and respect for ideas.

Your businesses and customers use the buyandsell.gc.ca website to do procurement business with the government. I believe many of your clients have used this site over the years. Is this site up to date enough to protect the data?

Mr. Balsillie, do you think the buyandsell.gc.ca website is effective, innovative and up-to-date?

• (1545)

[English]

Mr. Jim Balsillie: I haven't used the site, so I can't really provide you with a thoughtful answer. I'm sorry I can't comment on it.

[Translation]

Mrs. Julie Vignola: Mr. Paterson, your company probably used the site, given the changes in productivity and so on. Is this site innovative?

[English]

Mr. David Paterson: I can tell you that I had occasion to use it just recently, because we were participating in a research program that the government put forward to improve the site. They asked users to walk through different scenarios and give feedback on how easy or hard it was to use.

In particular, we looked at PPE. If you were to try to procure masks, visors or other things from the government, we looked at how easy it would be to go in and learn about those things.

I think we found some really good improvements, and we always constantly need to improve.

[Translation]

Mrs. Julie Vignola: I see.

So the site is not as effective for current needs. Did I understand you correctly?

[English]

Mr. David Paterson: We found some very good ways to improve it. I give the government credit for going out and looking for ways to improve it.

[Translation]

Mrs. Julie Vignola: Thank you.

The Chair: Thank you very much.

[English]

Our next round goes to MP Masse. You have two and a half minutes.

Mr. Brian Masse: Thank you, Madam Chair.

Mr. Balsillie, you mentioned the Investment Canada Act.

I remember when this committee was studying the Nortel sale. RIM actually purchased a Canadian company, but they still had to go through a U.S. security screen even in that acquisition. Meanwhile, in Canada here, we don't have the same types of measures with the Investment Canada Act. In fact, we finally got some issues related to non-democratic governments and a national security screen on it, but it's still pretty fast and loose.

I would like to get something clear from you with regard to what might need improvement. The thresholds for a review have been increased significantly over the years, so there are a lot of start-up companies and other companies that fall under the review process. I think this has to be addressed, especially if we're going to be rolling out some supports in investments from taxpayers. Some of these get gobbled up because they're good deals for somebody else coming in to scoop them up from us.

Mr. Jim Balsillie: Yes. First of all, we have dozens, if not hundreds, of professors in partnerships, whose early ideas are scooped up in a partnership or a licence that never hits the Investment Canada Act.

On the Nortel thing, which I think is interesting and illustrative to this committee, I had many calls. We were part of the consortium that bought it, and our share of it was about \$800 million U.S. I had many calls in the wee hours of the morning—two or three o'clock in the morning—in which the U.S. government, in the form of the Department of Commerce and Department of Justice, were making sure that the structure of the licences and the consortiums did not upset the competitive and fair balance of access to these 5G patents in the economy.

I could literally spend as much time as you want explaining how it's a very hands-on structure even in a single licence acquisition of foreign technology between two rival risk consortiums. It's a very deliberate and organized hands-on abstract construct, and that can apply to all aspects of what we do, whether it's buying a start-up or making more of an investment or a partnership in research and development.

You have to look at what the Austrians, the Germans, the French, the Brits, the Australians—

Mr. Brian Masse: Yes.

Mr. Jim Balsillie: —and the Americans have done, let alone all the Asian tigers. They're very deliberate in their investments and partnerships here, and very hands-on, and it's the second leg of that economy that we just simply need to develop. We should have developed it 20 years ago, but let's start developing it right now.

• (1550)

Mr. Brian Masse: Thank you, Madam Chair.

The Chair: Thank you.

That completes our third round.

We have some time remaining, so we will begin a fourth round of questions.

We will start with MP Rempel Garner. You have the floor for five minutes.

Hon. Michelle Rempel Garner: Thank you, Madame Chair. I'll pick up where I left off with Mr. Balsillie.

Again, I think we have to be talking about what the economy looks like going forward. There has been a lot of talk that the stay-at-home restrictions may have accelerated disruptions that were already under way in certain industries, in everything from bricks-and-mortar retail to airlines continuing.

I would argue that this underscores the need for us to get our national policies straight with regard to intellectual property commercialization.

First of all, would you agree that this is a priority for government?

Mr. Jim Balsillie: Yes.

Hon. Michelle Rempel Garner: Okay.

With regard to going forward, you made a comment to my colleague—I believe it was Mr. Patzer—when he was asking about intellectual property. You used the example of Canada funding the Chinese military or an institution associated with the Chinese military to build a vaccine and that being problematic.

Do you want to expand upon that as well? I also have reservations with that approach.

Mr. Jim Balsillie: I think we have to be honest about the fact that no matter who owns the rights to these technologies, whether it's 5G technology for telecommunications or whether it's a vaccine, if we're concerned about the nature of those countries and companies and geopolitical rivalries, we are now dependent on their benevolence for things that are strategic to us.

If we think a vaccine is strategic, then we're dependent on their benevolence. If we think our telecommunications infrastructure is strategic, then we have dependencies, so this is the issue.

The IP game has moved from economic to non-economic realms that include health and security, so we have to build our country deliberately.

Hon. Michelle Rempel Garner: One of the things that struck me over the last 20 years is the patchwork of intellectual property ownership policies in Canadian universities, given the amount of research funding that the Canadian taxpayer pours into those institutions. I don't have an argument against research—

Mr. Jim Balsillie: No.

Hon. Michelle Rempel Garner: —but I also think that this patchwork of policies really does prevent us, as a nation, from capitalizing on our IP or retaining it at home.

Would that be an accurate characterization as well?

Mr. Jim Balsillie: Yes. I chaired a panel on this issue for the province, and I briefed the ISED deputy ministers and their leadership, who are very receptive to the reality that our system has to change.

What I've also learned is that it takes not only civil service capacity—and we have some very good leaders in the civil service, starting with the leadership of ISED—but also political instruction.

Hon. Michelle Rempel Garner: I agree.

In terms of that, many Canadian universities have intellectual property management offices and they take an ownership stake in IP that is commercialized from research that would originate from their institutions.

Do you think maybe we're looking at it the wrong way—that rather than paying Canadian universities to take ownership stakes that are a patchwork and balkanized across the country and are derived from taxpayer-funded research, should we perhaps be restructuring that so that it's more of a national benefit and that the intellectual property commercialization capacity is done in a more strategic way, again, rather than through a patchwork of different ILOs across the country?

I know this is spicy, but it really hasn't worked over the last 20 years.

Mr. Jim Balsillie: It hasn't worked. Let me give one nugget to your committee.

Everyone likes to talk about the Fraunhofers in Germany. They have 72 or 73 research hubs all across Germany. They changed the world. Do you know how many tech transfer offices they have for their 72 research entities? They have one. With high standards, high expertise and high focus, they knew what to distribute and they knew what to centralize. It's to scale and it's to core.

Why don't we just do what Germany does?

Hon. Michelle Rempel Garner: On that note, one of the arguments that is always used in saying why the government shouldn't retain some stake in the IPE while universities do is that researchers will never come to Canada under this system.

Given the example of Germany that you just cited, would you classify that as true in all cases?

• (1555)

Mr. Jim Balsillie: That's not true whatsoever.

Hon. Michelle Rempel Garner: I didn't think so, but I wanted it on the record. Thank you.

The Chair: Thank you very much.

Our last round of questions goes to MP Ehsassi. You have five minutes.

Mr. Ali Ehsassi: Thank you, Madam Chair. I will be sharing my time.

I have a quick question for Mr. Walker and Mr. Paterson. Of course, what we've been hearing over the course of the past several months is that it's important for supply chains to be more resilient. There has been a lot of talk about how those supply chains are bound to become more regional and that geography is going to play a much more significant role.

Mr. Walker, have you seen any evidence so far that supply chains are changing and that Magna might become a beneficiary of that?

Mr. Donald J. Walker: We haven't seen too much yet. I think the new CUSMA is going to change the sourcing. We've already seen some things move that are sourced in China. That's one of the reasons we needed the new CUSMA to include Mexico, because we can source some competitively priced products from there that involve high manual labour.

I don't think much will change in the supply chain of the automotive industry. It's already very sophisticated. They've gone through some learning experiences with earthquakes in the past. I do think the most significant thing that's going to happen with the new CUSMA will be that we can at least be a trading bloc and we can be competitive against the rest of the world. It will be interesting to see whether people can get around the RVC and the LVC, the labour value content, to ship product in without paying duties, but that's the most significant issue in our industry.

Mr. Ali Ehsassi: Thank you.

Mr. Paterson, would you like to add anything to that?

Mr. David Paterson: I agree entirely with Don. There are always opportunities for countries that are smart and really make the basis for success in their areas. Jim talked about some of those areas, and we've talked about some of them ourselves.

The other big factor is that the auto sector is not only going through a massive transformation just to accommodate the new CUSMA, but we're also going through a massive technology transformation at the same time. For the first time in 100 years, we're changing the fundamental technology of our vehicles on a massive, quick basis to move to electric cars right across the piece. We're also going to introduce vehicles that drive themselves that will take away driver error, which is killing 40,000 people a year in the United States.

There are huge opportunities for change. It's a lot to juggle at the same time. When you throw in COVID and all those other challenges, such as rail strikes and things we've talked about in the past, it becomes very difficult. Therefore, we have to be nimble. We know how to move around problems. We work closely.

Don and I talk on the phone all the time, because we're solving problems every day.

Mr. Ali Ehsassi: Thank you.

Madam Chair, I'd like to yield my time to MP Longfield.

Mr. Lloyd Longfield: Thank you.

I would like to continue the discussion on the supply chain with Supply Chain Canada. COVID-19 has shown the world how important supply chains are, and validating product and validating processes, and doing inspections and working with professional partners all through the value chain.

I used to work with Supply Chain Canada when the Purchasing Management Association of Canada was a separate group, because purchasing is also a big part of the supply chain. If we look back at research and recovery and the role that the Canadian government can play in bolstering our research on supply chain as well as delivering to the world, being a trading nation that is the only G7 country with trade agreements with all other G7 countries, what's the opportunity we have?

Mr. Christian Buhagiar: The real opportunity we have here with supply chains in Canada is to make sure, again, that we're understanding consumer demands and are able to react to them.

In regard to the other piece, I want to come back to a comment that was made earlier. As we go through the crisis, the ability of the federal government to take a more assertive role in emergency management around the supply chain will be a key issue. One of the challenges we've had is that the deferral in many respects to the provinces has left us with a patchwork of guidelines and processes. Moving forward, there is going to be a considerably larger role for the government to play when it comes to managing the supply chain during times of emergency.

• (1600)

Mr. Lloyd Longfield: Thank you very much.

The Chair: Thank you so much.

That is our time for today. I thank the witnesses for being with us.

With that, the meeting is adjourned.

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