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Thursday, May 1, 2008

—
Chair

Mr. James Bezan

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• (0905)

[English]

The Chair (Mr. James Bezan (Selkirk—Interlake, CPC)): Order, please.

We're going to continue with debate on the motion from Mr. Atamanenko that was suspended last meeting.

Mr. Storseth, I believe you had the floor.

Mr. Brian Storseth (Westlock—St. Paul, CPC): Thank you, Mr. Chair. I'll try to reset the mood to where we were before Mr. Easter had somebody go pull the fire alarm for him. We were talking about the issue of KVD. Mr. Miller and Mr. Lauzon set out our position on it fairly well. Listening to Mr. Easter, I couldn't help but tweak some of the things I heard from him.

In the last committee meeting, he said:

One of the reasons Canada is seen as the best quality supplier in the world is because of our grading system. Having said that, I think certainly whether it is the hog industry or the livestock industry, if there were another method of assuring the quality of the grain that we are exporting out of the country, such as using black box technology or something else, then doing away with the KVD would certainly be a benefit to growing new and perhaps more productive crops with other characteristics.

But what is at risk here is our quality control system. The minister jumped the gun. He is coming in with a proposal without the assurances on the other side that our quality control system won't be jeopardized.

I know Guy said that the Canadian Wheat Board has a plan in place. That's not what I've been told. So unless we can have a witness here from the Canadian Wheat Board and the Canadian Grain Commission who is going to tell us that there won't be a problem on August 1 and that our quality system won't be jeopardized by this move, I have no choice but to support this motion.

Mr. Easter is always very much in touch with the Canadian Wheat Board. He should read their website, where they actually talk about KVD. The Canadian Wheat Board says:

For the 2008-09 crop year, this means only one significant change for farmers: you must sign a declaration when you deliver in the 2008-09 crop year, attesting to the eligibility of the variety you are delivering. A declaration will be required by each company and delivery point that you deliver to. Truck load samples will be retained for monitoring purposes.

It goes on to say:

KVD assigns visual characteristics, such as seed-coat colour and kernel shape, to each class. KVD elimination will help plant breeders by removing visual characteristics as selection criteria on varieties going forward for registration. It has no material impact on Canada's quality control system.

Mr. Chair, this is particularly relevant to Mr. Easter's comments. The Canadian Wheat Board's website says "it has no material impact on Canada's quality control system". This is right off the Canadian Wheat Board website.

I had a brief conversation with Mr. Earl Geddes last night, who I'm sure Mr. Easter is aware of, at the Canadian Wheat Board. They have no concerns about the elimination of KVD at this time. Mr. Easter has previously remarked on Mr. Elwin Hermanson's eminent qualifications and his great expertise in this area. Mr. Hermanson is also on the record in supporting this.

I don't think I have to go into our position in much more detail. Taking into account Mr. Easter's comments, the statement of the Canadian Wheat Board, and the opinion of the Canadian Grain Commission, I believe Mr. Easter should be reversing his decision and supporting our side rather than this motion.

The Chair: Mr. Atamanenko.

Mr. Alex Atamanenko (British Columbia Southern Interior, NDP): May I call the question on this?

The Chair: No, I have somebody still on the speaking list, and you can't call the question until the speaking list is done.

Hon. Wayne Easter (Malpeque, Lib.): Brian's comments sound good, Mr. Chair, but they're a little far from reality.

I do believe, as I said previously, that there's a lot at risk in changing the KVD system. I recognize what's on the website. The Canadian Wheat Board, on its website, in terms of signing a declaration, is basically trying to transfer risk from the Canadian Wheat Board, if there is a screw-up in quality, to individual farmers who sign that declaration. It has nothing to do with our international reputation. This committee needs to be absolutely assured by somebody other than Earl Geddes, by either some of the directors of the Wheat Board or the chair of the Canadian Wheat Board, that this can be handled.

Alex's motion, in fact, doesn't close the door. It says, "...only proceed with its removal when a variety identification system that has gained the confidence of those whose interests are protected by the current KVD system has been put in its place".

So Alex's motion leaves this committee the option of pulling somebody from the Canadian Wheat Board in here who has the authority to speak for the Wheat Board in a public arena, on the record.

As far as the Canadian Grain Commission and Hermanson goes, I wouldn't accept Hermanson's committee evidence here. We passed a motion at this committee. He's shown to be a mouthpiece of the minister, and the minister wants to move on this. The Canadian Grain Commission's independence has been compromised by that appointment, and we stated that at this committee.

So my position remains the same. We will support this motion, and I would encourage the chair and the government to bring someone forward from the Canadian Wheat Board to give us assurances that our quality system is not going to be compromised. You can bring both the Wheat Board and the Canadian Grain Commission, if you like, but we can have a quick meeting and be assured that our system is not going to be compromised, because we're the best in the world in terms of quality, and let's not jeopardize that.

● (0910)

The Chair: Mr. Lauzon.

Mr. Guy Lauzon (Stormont—Dundas—South Glengarry, CPC): Thank you very much, Mr. Chair.

I just want to reiterate that farmers want this. Farmers have been asking for this. On this side of the table we put farmers first, and that's why we think this motion is redundant.

Wayne, you talked about people not wanting this, etc. Well, I have a page and a half of quotes here from various leaders of various organizations who say, "Yes, it's the best thing they could possibly do".

Here's one from Brian Fowler, from the University of Saskatchewan Crop Development Centre. He says "it"—removal of KVD—"opens up new opportunities".

Jeff Reid, the vice-president of the Canadian Seed Trade Association, said, "Western Canadian farmers could reap hundreds of millions of dollars in benefits from new wheat varieties if the rules governing kernel visual distinguishability were less strict..."

I won't read them all, by the way, but I have one that I want to just finish with. It's from Eugene Dextrase, the chairman of the Alberta Grain Commission, and he says:

We support eliminating KVD as a criterion for all wheat registration, early in 2008.

—early in 2008—

We know you are aware of the limitations KVD has placed on the western wheat industry, hampering innovation and stifling investment and initiative at the breeding level and throughout the various value chains.

We need to put farmers first. We need to give farmers what they want.

Thank you.

The Chair: Mr. Miller.

Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC): Thanks, Mr. Chairman.

First of all, I find it distasteful that we're wasting time on, basically, anti-farmer motions like this, especially when we have witnesses sitting here who have taken the time to come and be with us.

Getting rid of the KVD is something that farmers want, as Mr. Lauzon and a few others have said.

As far as Mr. Easter's comments go about the Wheat Board wanting that, we found out in barley that they only represent 32% of the western producers, let alone the rest of Canada. I come from a part of Canada where you have the choice. There is no KVD. You don't have to worry about this. It goes back to what the farmers want, and they wouldn't be asking for something that was going to be a detriment to their making a living, or whatever. They know better than anybody, not some bureaucrat sitting in an office, whether it be in Toronto or Winnipeg, or wherever.

So let's use a bit of common sense, instead of partisan sense, and defeat this motion.

The Chair: Monsieur Bellavance.

[*Translation*]

Mr. André Bellavance (Richmond—Arthabaska, BQ): The mere fact of being seated on one side of the table rather than the other leads to partisan comments. I will not be indulging in partisanship, but I want to assure you that the members of the Bloc Québécois are convinced, as I'm sure everyone else here is, that we must come to the aid of farmers and side with them. I disagree with Larry when he says that this initiative goes against the needs of farmers.

I want to come back to the question I was asking Mr. Lauzon before the fire alarm interrupted me at the last committee meeting. Mr. Lauzon had told us at the time—and he has just said the same thing here today—that there was no need to vote in favour of this motion because in any event, everyone wants kernel visual distinguishability to be eliminated. We all agreed on that when we examined Bill C-39.

I also seem to recall that we all agreed—and perhaps I'm mistaken and so I'd like to put the question to Mr. Lauzon—not to eliminate KVD until another method had been implemented. Witnesses had also expressed to us their concerns about this.

The fact is that an alternative method has not yet been implemented. Yet, Mr. Lauzon had told us that according to the minister, everything was moving along well and that preparations for a new method were under way. However, we have no proof if this, hence the importance of this motion and of our support for Mr. Atamanenko's motion. When everything is done properly, then we will be prepared to give him our support.

Mr. Lauzon, what's happening with the alternative method that the committee had requested and that does not yet appear to have been implemented?

● (0915)

[*English*]

The Chair: Mr. Storseth.

Mr. Brian Storseth: Thank you very much, Mr. Chairman.

One of the things that truly disappoints Canadians when it comes to politics in this place is when politicians say one thing, know one thing to be true, and go and vote the exact opposite for partisan reasons.

Mr. Bellavance truly believes his position.

While I disagree with Mr. Atamanenko, I respectfully appreciate his position on this. He chooses to discuss these things.

But Mr. Easter knows better. He knows that it's the other way and he voices the other way in countless statements, and he still goes forward with his partisan ways.

I have a report here, quite an interesting little report, many of whose initiatives we have actually already completed as a government in two years. It's called "Empowering Canadian Farmers in the Marketplace, A Report by the Honourable Wayne Easter". One of the things he talked about in there is that all governments place a priority on measures. One of his recommendations is that "governments place a priority on measures that will enhance farmers' economic returns from the marketplace".

That's exactly what we're trying to do here, Mr. Chair. We have farmers saying this; we have the Canadian Wheat Board saying this; we have the Canadian Grain Commission saying this; and we have industry saying this, and Mr. Easter still decides to stand on his island, all alone, and refuse the will of western Canadian farmers, and in this case farmers all across the country.

He talks about how what he really needs now is the option to pull somebody in before this committee as a witness. We have that ability; we have that ability at any time we want. They have the votes over there to do so. If they wanted to bring the directors of the Canadian Wheat Board here—because the members or employees of the Canadian Wheat Board, such as Mr. Geddes, apparently no longer speak for them, according to Mr. Easter—then we can do that. But we do not need this motion.

What this motion says is that we recommend that the government abandon its plan to remove kernel visual distinguishability. This would harm our industry. This would harm what western Canadian farmers and farmers across this country have been asking for, and Mr. Easter knows that.

So I ask the members on the other side, who truly know the better choice in this, to please vote for it.

The Chair: Monsieur Lauzon.

[Translation]

Mr. Guy Lauzon: I would like to respond quickly to Mr. Bellavance's question. The Canadian Wheat Board is on side and is prepared to move forward tomorrow. An alternative method has been developed and all that remains is to make a decision to implement it.

The Chair: Mr. Plamondon.

Mr. Louis Plamondon (Bas-Richelieu—Nicolet—Bécancour, BQ): Mr. Chairman, the motion merely calls for a letter to be sent to the minister. Surely the minister is capable of answering a letter. How hard can it be for a minister to write a letter explaining why he is opposed to something like a transitional system?

We are requesting a transition period before KVD is replaced by an alternative method. All we need is a word from the minister and the issue will be resolved. Why are we afraid to write to a minister responsible for agriculture? This surprises me.

[English]

The Chair: Is there any other debate? I see none, so I'm going to call the question.

A voice: A recorded vote.

(Motion agreed to: yeas 7; nays 4)

The Chair: Moving right along, Mr. Easter, to your motion.

Hon. Wayne Easter: A point of order first, Mr. Chairman.

Given the previous discussion and the fact that we've suggested that the Canadian Wheat Board and the Canadian Grain Commission be brought forward, can you and the clerk look at bringing them in for a special meeting so that we can deal with that issue appropriately?

● (0920)

The Chair: We'll look at it and refer it to the steering committee.

Hon. Wayne Easter: On the motion I have, I move the following:

That the Standing Committee on Agriculture call Mr. Ian White the new President and CEO of the Canadian Wheat Board to appear before the committee as soon as possible.

To background this, Mr. Chairman, this motion was put forward a considerable time ago, and we all know what happened. The order in council somehow got lost on somebody's desk. We wanted to discuss Mr. White's credentials prior to his appointment.

That's now a *fait accompli*, if we could put it that way. I would suggest we pass this motion, but with the understanding that we not jeopardize the committee's other work, that Ian White be brought forward when possible. From my perspective, it wouldn't matter if it weren't until the fall, but I do believe we need to hear from him. I would have preferred it if we could have heard him prior to his appointment, but things happen and that's the way it is.

I put forward that motion in that context, and I'll leave it up to the chair when it can happen.

The Chair: Mr. Easter moves....

Mr. Lauzon.

Mr. Guy Lauzon: I only want to say that we don't have a problem with this. Mr. White was recommended by the Canadian Wheat Board's board of directors, and we would be pleased to have him come when it's convenient for the committee.

The Chair: Mr. Miller.

Mr. Larry Miller: A clarification, Mr. Easter. Do you want him here to discuss his credentials?

Hon. Wayne Easter: Yes. If you remember, Larry, the Prime Minister, when he was running in the campaign, said there would be a process whereby appointments could be vetted before they were made. He has now broken his word in that regard, when the first appointment he tried to make was rejected by a committee.

We, as committees, have a right to review order in council appointments, as we did with Mr. Hermanson. In fact, this committee made a recommendation that Mr. Hermanson not be appointed.

We wanted to go through the proper process with Ian White. Things happened such that the order in council went missing, so we couldn't do it the way we should have done it. But that's water under the bridge, so let's hear him at an opportune time.

Mr. Larry Miller: Mr. Chairman, first of all, I believe he was vetted. I mean, he was recommended by the Canadian Wheat Board. Obviously, they've done some research into it.

Like Mr. Lauzon, I don't have any problem with him coming here, but I sure do under those pretenses. I mean, the guy is qualified, and by the time Mr. Easter suggests that he be here, he'll have had the biggest part of a year in his position. Do we want to waste time, waste valuable committee time, checking his credentials, so to speak? I think his history tells us all we need to know.

I'm not going to be ridiculous and vote against it, but under those pretenses, it's purely partisan.

The Chair: Mr. Atamanenko.

Mr. Alex Atamanenko: I see this motion as a chance for us to get to know him a little better, to get an update on what's happening with the Wheat Board. From what I've read, he seems like an interesting person, and I would like to have the opportunity to talk to him. That's how I see this motion.

The Chair: Is there any other debate?

(Motion agreed to)

The Chair: Mr. St. Amand, you have a motion. Can you read it into the record?

Mr. Lloyd St. Amand (Brant, Lib.): Thank you very much, Mr. Chair.

My motion is that:

The Standing Committee on Agriculture and Agri-food calls on the Federal Government to immediately implement an exit strategy for tobacco producers consistent with the most recent proposal they have submitted.

By way of background, I suspect this issue is familiar to committee members. About a year and a half ago, presenting before the committee were representatives of an organization called Tobacco Farmers in Crisis, representatives of the tobacco board, and some community members.

Australia and the United States have seen fit to implement a buyout or exit strategy for the tobacco producers in their countries. Probably most significantly, if there is a particularly unique factor that should compel the government to assist tobacco producers in a tangible fashion, it is the fact that an estimated 40% of tobacco consumed in Canada is contraband. There is no other commodity, to my knowledge, that faces such competition from a clearly illegal competitor.

The request of the tobacco producers is for a federal government fund of \$275 million. They have reduced considerably their initial request. The tobacco producers are at the desperation point. As Mr. Preston and perhaps Mr. Miller know, some tobacco farmers have taken their own lives over the last several months. They are in very desperate straits.

● (0925)

Mr. Larry Miller: A point of order, Mr. Chair.

Mr. St. Amand, I'm not aware of anybody who has taken their own life.

Mr. Lloyd St. Amand: But tobacco farmers have taken their own lives, so desperate is their situation. To date, the government's response has been to strike a task force some 27 months later.

My motion, simply put, calls on the federal government, in a tangible fashion, to immediately implement an exit strategy for tobacco producers consistent with the proposal for \$275 million. I would like the motion to be reported to the House, Mr. Chair.

The Chair: Mr. Atamanenko.

Mr. Alex Atamanenko: We've been talking about this for a quite a long time, and I and others have met with the tobacco producers. It would be good if we could get a resolution on this. I believe in their proposal they want the industry itself to take part, so I think there would be minimal cost to government on this. I think we owe it to them to somehow give them a hand, so let's get on with it. It is a crisis situation and we should be helping them.

The Chair: Mr. Lauzon.

Mr. Guy Lauzon: Thank you, Chair.

I would like to make a friendly amendment to Mr. St. Amand's motion. I think the issue is multi-faceted, and we've started to address that. We have a member of Parliament sitting at this table, Joe Preston, who has many tobacco farmers in his area. He and I have met with tobacco farmers in different communities in southwestern Ontario, and the problem affects more than just the tobacco farmers themselves.

So after "The Standing Committee on Agriculture and Agri-food calls on the Federal Government", I suggest we add "to continue to work with all partners, all stakeholders, to find a workable way forward for tobacco growers, for manufacturers, for communities, and the federal and provincial governments".

The Chair: Are you done?

Mr. Guy Lauzon: Yes.

● (0930)

The Chair: Let's see the motion.

Mr. Guy Lauzon: It's in bits and pieces.

The Chair: So after "Federal Government" you would add "to continue to work with all partners to find a workable way forward for tobacco growers, manufacturers, communities, and the federal and provincial governments".

Mr. Guy Lauzon: Yes, to work together.

The Chair: Continue your debate. I have to make a decision on whether this changes the intent of the motion.

Mr. Guy Lauzon: The point I'm trying to make is that this is not single-faceted; this is multi-faceted, and all stakeholders should be part of the solution. Maybe the language isn't perfect, but you can get the idea of what we're trying to do.

The Chair: Mr. Bellavance.

[*Translation*]

Mr. André Bellavance: I do not want to move an amendment, Mr. Chairman. Of course I realize that there is no need for Mr. St. Amand to specify “of all provinces”, but I want to be sure that this exit program applies to all tobacco farmers in Canada, including those in Quebec, and not just the ones in Ontario.

Is that in fact the gist of this motion?

[*English*]

The Chair: We will continue to debate the main motion. I'm going to rule the amendment out of order, since it changes the intent of the original motion.

You have a question for Mr. St. Amand.

Mr. St. Amand, perhaps you can answer the question.

Mr. Lloyd St. Amand: It is my understanding that the only remaining tobacco producers are in Ontario. If I'm incorrect in that regard and there are yet some tobacco producers in Quebec who haven't been bought out, I think the motion should be inclusive.

The Chair: Mr. Easter.

Hon. Wayne Easter: Yes, just on that point, André, I understand the exit proposal by the tobacco industry does include others in the country. We have one in P.E.I. as well—one that's left.

My understanding of the motion is that it would include an exit strategy for tobacco production in its entirety.

So on the motion, Mr. Chair, I know Larry indicated that he hadn't heard of any suicides in the industry. The fact of the matter is, Larry, we met with the tobacco industry, and it was stated at the meeting that there were suicides recently. I think it tells you the seriousness of the situation, Mr. Chair.

The government's move to Mr. Preston as chair of the task force is beside the point. The fact of the matter is the current Minister of Citizenship and Immigration committed to an exit strategy some time ago, and the government has broken its word. It's as simple as that; they broke their word. The Minister of Citizenship and Immigration didn't show up at a public meeting last week; she found another excuse.

At the meeting I was at with tobacco producers, the urgency of this situation was made very clear by a banker in attendance. That crop is certainly in the greenhouses somewhere around May 7 to May 9, I believe—and, Lloyd, you can correct me if I'm wrong—and the bank would be looking at the crop in those greenhouses and making a decision such that the bank would stick with only 7% of that production, because the asset levels in those operations have dropped from about 80% to 20% of the original value that the bank extended money on.

The bank made it clear at the meeting that they will very seldom make a financial decision based on what they have taken to be a political commitment, and the political commitment was given by the then MP, Diane Finley. The lending community had lent on the basis that there would be an exit strategy following up on the one the previous government had put in place. Now the government has backed away from that strategy.

The facts are these. The federal government has a responsibility here, regardless of the political party. There's been an anti-smoking strategy in place, which even the tobacco industry agrees with us was the right thing to do. This is a legitimate industry that operated under the laws of the land. It is a farming community that is now affected by a massive government policy toward anti-smoking. They produce a legal product in a legitimate industry, but government policy itself is shrinking their market.

The other area the federal government has a responsibility for—and they made it very clear, and it is true—is that 40% of the product now in place in Canada is contraband. For a law and order government, the government is not dealing with that contraband coming in and going on the market. That further restricts their market, and as a result, these tobacco producers, in a completely legal and legitimate industry, find themselves being forced out of their industry. And their asset base is dropping. The government had committed itself to an exit strategy, and to come up with excuses for funding more task forces is unacceptable.

I do not know if this is true or not, but they had indicated to us that they felt they had a commitment from the Minister of Agriculture that there would be funding in the budget. As we know, the funding wasn't in the budget.

So, Mr. Chair, I strongly support this motion. It is really a motion trying to force the government, for once, to keep its word. That's what it's about.

● (0935)

The Chair: I've got Mr. Preston....

A point of order, Mr. Miller.

Mr. Larry Miller: I have an amendment I want to propose, and I don't know whether now is the time.

The Chair: You can't move an amendment on a point of order.

You're next on the list after Mr. Preston.

Mr. Preston.

Mr. Joe Preston (Elgin—Middlesex—London, CPC): I'd like to carry on from what I've said. I know that in all good faith Mr. St. Amand has been working very hard on this problem too. I will say that there even were pieces of truth in what Mr. Easter said.

I agree that we need to find a solution to the problem we're talking about here today. I think the amendment Mr. Lauzon originally moved brought us closer to being able to break the problem into its parts. There are many parts, not just the actual growers of tobacco.

I have many friends and neighbours who certainly grow tobacco still. I've been working very hard for a solution for them, through hundreds of meetings with the tobacco board, meetings with those producers, and yes, Mr. Easter, even meetings with bankers to talk to them about what's happening on the ground. I know—and some of you would say it's from experience—that the easiest way to eat an elephant is one bite at a time. This is a very big problem, and it needs to be taken care of one problem at a time.

As you stated, I'm currently trying to steer a task force on the economic development portion of this area, the five-county area that grew tobacco in southern Ontario, looking at it from the point of view that it's a single-industry area. It's like a single-industry town. Mr. Boshcoff, you'd know this from some of the lumber things. This is a community that has relied, from an economic point of view, on one product for a number of years. The area was very affluent. The product did very well for the area. It's not there any more. For many reasons the economy has gone away.

Through a task force of mayors and economic development officers, we're looking at another way to deal with the economy for that area, looking at what existing programs are in place from government, and even to the point of looking at what other transitional crops there are and what other things we can grow in that sandy soil where tobacco used to grow. We know that's one side of the problem.

I believe Mr. St. Amand mentioned at the start of his comments that around the world there have been other strategies to replace tobacco, and they've all included different formulas. Some of them involved manufacturers, some of them involved governments, some of them involved tobacco growers themselves determining that they're going to leave the business.

I'm suggesting, and Mr. Lauzon's amendment stated very clearly, that this is about working together with all the stakeholders, and not just imposing a government solution on the problem. I tend to agree with that. We have to move forward with all the partners: growers, manufacturers, communities, and federal and provincial governments. These growers have licensed quota under the Ontario provincial government. I'm not ruling them out as being part of the solution. I think that's the point. We need to move forward.

I have to commend Mr. St. Amand for his move forward, but having it be singularly focused as only a federal government solution, I can't support it. I know my friends and neighbours are in the same straits as his friends and neighbours. We have to find a way to solve this problem by working together and not by nitpicking or picking it apart and sledge-hammering a solution through.

Mr. Chair, I hope we can find a way to make the motion have a better solution than it does, just being singularly focused.

●(0940)

The Chair: Mr. Miller.

Mr. Larry Miller: Thank you, Mr. Chairman.

I'm going to propose an amendment now, and I'd like to speak to it.

I want to stress that I'm amending it and not totally changing it. I propose that the motion say:

The Standing Committee on Agriculture and Agri-food calls on the Federal Government to immediately implement an exit strategy for tobacco producers and to continue to work with all partners to find a workable way forward for tobacco growers, manufacturers, communities, and federal and provincial governments.

I'm taking nine words off Mr. St. Amand's motion and replacing them with that.

The Chair: Can we have it up here?

Just read it real slow.

Mr. Larry Miller: Okay. It's all of Mr. St. Amand's motion up to the point where it says "tobacco producers". From that point we would add the words starting with, "and to continue to work with all partners".

The reason I think it's important to have this facet in the motion is that you have to work with everybody. This isn't just about the tobacco growers. This isn't just about the federal government. The community is involved. That's one thing I heard in the meeting I had with mayors and councillors from that area who came to my office. I met with them, probably out of respect for my colleague here and the fact that I'm a farmer and I wanted to hear some of the problems down there. I know right now how communities are being affected in my area by the problems we're having in the pork and beef sectors. I think it's important that everybody involved gets in on this.

I think, too, one example we can show of where there is a responsibility all the way around is the recent initiative in the hog sector. While there has been some money out there to help reduce the number of hogs that end up on the market.... As we all know, and the pork industry will admit as well, there is an oversupply right now. In order to reduce that, \$50 million was put out. The government has a responsibility in there, but there is some onus on the producers as well. When you put those all together and you add in some of the other components here, and stakeholders....

There is a comment I would make with regard to Mr. Easter's comments. You know, you'd think from listening to Wayne that this tobacco crisis just started as of January 23, 2006. You'd think that every problem, or what have you, started on that date. We all know differently. This has been ongoing.

Mr. Chairman, I'm going to ask that at the next meeting, or soon thereafter, I be given a copy of the Liberal Party of Canada's exit strategy when the election got called on November 29, 2005. I want to see a copy of that exit strategy.

●(0945)

The Chair: Just so everybody is clear, we're debating the amendment.

Mr. St. Amand.

Mr. Lloyd St. Amand: Thank you, Mr. Chair. I'll be as—

Hon. Wayne Easter: On a point of order, Mr. Chair, you've ruled this amendment in favour?

The Chair: In line, yes.

Hon. Wayne Easter: Do I understand this amendment to delete "consistent with the most recent proposal they have submitted"?

The Chair: Yes.

Hon. Wayne Easter: Well, how can you rule that in order—

The Chair: Because we're still talking about an exit strategy, and that was the intent of the motion. It's in order.

Mr. St. Amand.

Mr. Lloyd St. Amand: Thank you, Mr. Chair.

With respect to Mr. Miller and Mr. Preston, I'll try to be as diplomatic as possible.

The reality is that tobacco farmers are facing a severe crisis, to the point where some of them have taken their own lives. What they do not need from the federal government—the federal government that leads the nation, as far as I understand it—is some banal, vapid, diluted, watered-down phraseology such as “continue to work with all partners”.

Mr. Chair, it's an absurdity. This is not a new problem. The government has been the government for 27 months. The members opposite are proposing to continue working together; let's all try to get along. But if the manufacturers want to veto something, there goes any type of exit strategy.

Simply put, the federal government needs to take the lead. The federal government is being asked to immediately implement an exit strategy for tobacco producers.

We will all recall, I suspect, the Minister of Agriculture in the House, when I asked him a couple of times about this, saying that we will get the job done sooner rather than later. Well, let me tell you, tobacco producers did not interpret that to mean we'll “continue to work with all partners”, or we'll develop a task force.

Simply put, I can't vote, in good conscience, in favour of the amendment. I think the federal government has to step up to the plate, after 27 months, and actually do something in a concrete fashion for tobacco producers in this country.

The Chair: Mr. Boshcoff is next.

Mr. Ken Boshcoff (Thunder Bay—Rainy River, Lib.): Mr. Chair, in fairness, I was under the impression that there had been negotiations in 2007 at the ministerial level with the previous minister, and then sometime in December or January some kind of clear commitment that it would be included in the budget. So I can understand Mr. Preston's going forward with the task force, because I've been on many for single-industry situations.

It would help me if I knew there was a commitment, or was it just media speculation that something was coming?

Do you know, Mr. Chair?

The Chair: Mr. Lauzon, do you want to answer the question as to whether or not there was a commitment?

Mr. Guy Lauzon: It's not my understanding that there was a commitment made, not according to my information. I know there are ongoing discussions; they've met many times. I think Mr. Preston was part of some of those meetings, as was Minister Finley. There are a lot of consultations going on, and both the industry and the minister have said they are getting closer. They're moving forward. That's the feedback I've had from the minister.

The Chair: Thank you.

Go ahead, Mr. Easter.

Hon. Wayne Easter: Thank you, Mr. Chair, and I apologize to the witnesses. We're into this discussion today because we had a fire alarm last week at the last of the meeting. We apologize for that, but this is an important issue too.

On the amendment—and I find it questionable, but I accept your decision, Mr. Chair—the key part of this resolution is, in my view, consistent with the most recent proposal that is being submitted, which is the exit strategy that was agreed to by the tobacco industry and, from everything I've heard, committed to by the government, at least in internal meetings.

Larry, you can waffle and you can wiggle all you like, but the government broke its word, and I'll tell you that in the 2004 election, when Bob Speller made a commitment to a tobacco reduction strategy and lost the election, the following government, of which I was parliamentary secretary, kept its word and implemented that tobacco reduction strategy. What we have now is a situation in which Minister Finley, as an MP, made a commitment with the full authority of the current government, and they broke their word.

In terms of the task force, Joe, we wish you well with the task force, but that task force can still roll out. If you have the exit strategy that we're currently proposing, that task force can still work. What we're saying here is a commitment to the producers so they know where they stand.

It's the same thing, Mr. Chair, we ended up doing in the area of Quebec where they had a nematode problem; basically, a strategy was put in place to assist that community. What has happened in the tobacco industry is that there's no potential for this industry in this country any more. Their equipments, their facilities, their whole life's work has gone down the drain. Every investment they have made in equipment and buildings is now.... Where are they going to sell it and get any money?

Those people, first and foremost, need a commitment from the federal government. We believe they committed to that and broke their word.

That needs to occur. It can occur right now; it is a \$400 million package, but it's 60-40, and it should just happen.

This amendment, in my view, jeopardizes what has been basically agreed to by the industry. It was a compromise on their part; they were first in here asking for, I believe, \$1 billion. You can correct me if I'm wrong. They're now down to a federal government commitment of about 60% of the \$400 million. I think that's within reason. I understand Ontario would be onside.

So I oppose the amendment so that we will revert back to the original motion and the government can get on and pay the money it committed.

● (0950)

The Chair: I have four people on the speakers list. We've been debating this now for half an hour, and some of you are getting up for the second and third time on this issue. I am going to ask that you guys keep your comments focused.

We'll go to Mr. Lauzon.

Mr. Guy Lauzon: I still want to speak to the fact that this is a multi-faceted problem that requires a multi-faceted approach. These are communities. Not only the farmers are in transition; so are the communities. The communities are in transition, and other businesses within those communities that depended on the tobacco farmers are in transition. To try to address this problem through just one approach, it seems to me, is not taking note of the total strategy. So I'm strongly suggesting that we use a multi-faceted approach.

We have communities in transition. We have to help these farmers transition to other employment. As Wayne said, the future for the industry is very dismal, so we have to transition these farmers, these implement dealers, the businesses, and the communities. We have to help them transition to a profitable situation.

The Chair: I have Mr. Preston.

Mr. Joe Preston: Very quickly, I agree with what Mr. Lauzon has said. Wayne has his version of what's happened in the past. If, indeed, his previous government solved the problem, I don't know why we're sitting here talking about it still. So I have some difficulty suggesting that the solution is already there, Wayne. It's not, and it needs to be pretty soon.

I represent a riding that includes the town of Aylmer, Ontario. Aylmer was one of the last places where Imperial Tobacco made cigarettes. They left town. They went to Mexico. They still buy some small amount of Canadian tobacco to ship to Mexico to make those cigarettes, but that was the industry in the town of Aylmer. That's what there was.

To lay this only on the producer.... I recognize that my friends and neighbours who still grow tobacco have problems too. I'm not discounting them at all, but I have a whole community here whose problem is that it was the only industry in the community: they made cigarettes. You can certainly talk about anti-tobacco strategy all you want, and they may have been the devil reincarnate for making cigarettes in this day, but that was the industry in town.

We need to look at all facets of the problem and all the pieces of a solution. I know the solution lies in the manufacturers, in the Province of Ontario, and in the tobacco board itself, whose only job is to market tobacco. They've become the standard-bearer for this exit strategy, but their job is marketing. It's in their title: the Ontario Flue-Cured Tobacco Growers' Marketing Board.

There are still places in this world where people smoke cigarettes. We have great farmers who can grow tobacco. Let's start selling more of it. That's part of the solution too. It needs to be there.

Then there's the federal government and the provincial government. I'm working, as I said, with the mayors on economic development for that area. We'll do the other piece. We'll work on the economic piece. We need to work for a solution for producers. But it's not one person. It's not just the federal government. It's all of us.

• (0955)

The Chair: Go ahead, Mrs. Skelton.

Hon. Carol Skelton (Saskatoon—Rosetown—Biggar, CPC): I'll pass.

The Chair: You're going to pass?

Hon. Carol Skelton: When you were talking, yes, I was going to use the word "transition" instead of "exit".

The Chair: We'll go to Monsieur Plamondon.

[*Translation*]

Mr. Louis Plamondon: Mr. Chairman, I have the feeling that the government is trying to shirk its responsibilities and buy some time with this amendment. It is delighting in the fact that it has done nothing for the past 27 months. I think the government should be setting an example. Instead of arguing that this is a complex problem and that everyone must be on side, it should be leading by example. Let the government make the first move and others will follow. It can expect partners to act a certain way once it has actually followed through on the commitments it made during the election campaign.

[*English*]

The Chair: Are there any other speakers?

We're going to call the question on the amendment, which is to the main motion. I think everybody understands it. Do I need to reread it?

It inserts after "tobacco producers" the words, "and to continue to work with all partners to find a workable way forward for tobacco growers, manufacturers, communities, and the federal and provincial governments". It deletes everything after "producers" in the main motion.

We're voting on the amendment.

(Amendment negatived)

The Chair: The amendment is defeated.

Is there further debate on the main motion?

Go ahead, Mr. Easter.

Hon. Wayne Easter: I move an amendment to the main motion, that it be reported to the House.

The Chair: I'll accept the amendment.

(Amendment agreed to)

The Chair: Mr. St. Amand, on the main motion as amended.

Mr. Lloyd St. Amand: I would ask for a recorded vote on the main motion.

The Chair: Is there any further debate on the main motion as amended? We will have a recorded vote.

(Motion agreed to: yeas 7; nays 4) [See *Minutes of Proceedings*]

• (1000)

The Chair: Now we're on to other business. I want to thank the witnesses for their patience as we went through this business.

I welcome to the table, from the Food and Consumer Products of Canada, Blake Johnston, vice-president of government affairs; from the Canadian Produce Marketing Association, Larry McIntosh, chair of the board of directors, and Dan Dempster, president. From the University of Saskatchewan, we have Professor Jill Hobbs, head of the Department of Bioresource Policy, Business and Economics. And from the Canadian Horticultural Council, we have Anne Fowlie, executive vice-president.

I welcome you all here. In the interest of time, we would appreciate it if you could keep your comments as brief as possible. We are very much interested in what you have to say about our study on "Product of Canada" labelling.

With that, I'll turn it over to you, Mr. Johnston. You have the floor.

Mr. Blake Johnston (Vice-President of Government Affairs, Food and Consumer Products of Canada): Thanks very much, Mr. Chairman and members of the committee. It's a great pleasure to be here today. I thank you for inviting us to appear.

Food and Consumer Products of Canada is the national industry association that represents the manufacturers of food, beverage, and consumer products in Canada. Our members range from small, independently and privately owned companies to large, global multinationals, all of which manufacture and distribute in Canada.

Just some quick stats on our industry. In 2005, the food processing industry in Canada employed 291,000 Canadians. We're the largest employer in the manufacturing sector. Manufacturing is often discussed in terms of steel or auto or other sectors because some of those productions are local, but we're a national industry and we employ a lot more people, and sometimes that's forgotten. It's worth noting that we generate \$24 billion of GDP annually and operate just under 6,700 facilities across the country. That's 2002 data. Most importantly, perhaps, to members of this committee, our members purchase 43% of Canada's agricultural output.

We've reviewed with great interest the transcripts of previous hearings the committee has held on this issue and have noted the strong degree of consensus that the rules around the usage of "Product of Canada" need to be clarified. However, the committee has clearly got its work cut out for it, as we've also noticed there isn't a strong degree of consensus around what needs to be done to clarify those rules.

By way of background, FCPC has long lobbied for additional resources for CFIA enforcement. One of the most common concerns expressed by our member companies relates to an uneven playing field created by inconsistent enforcement of existing rules and regulations. This common theme has been expressed by a number of witnesses who have appeared before you during your review of "Product of Canada" labelling. We have serious concerns when consumers feel they're being misled by labelling rules, especially rules that the committee has heard have been in place for close to 20 years and were introduced by government, not industry.

Food processors in Canada are prohibited from making false or misleading statements by two separate pieces of legislation: subsection 7(1) of the Consumer Packaging and Labelling Act and subsection 5(1) of the Food and Drugs Act.

As members know, enforcement responsibility for the food aspect of the Consumer Packaging and Labelling Act was transferred from Industry Canada to the CFIA upon its creation in 1997. The CFIA then produced a 200-page guide to food labelling, which includes the policy reference we are discussing today as it relates to food being eligible to carry the term "Product of Canada".

Just to paraphrase briefly, to be eligible to make this statement on our label, food products must meet two conditions: the last substantial transformation of the good must have occurred in Canada, and at least 51% of the total direct costs of producing or manufacturing the goods are Canadian.

The last substantial transformation concept is widely used internationally and probably should not be changed. However, if the 51% rule has been shown to be confusing to consumers and the committee sees fit to recommend that percentage be raised higher, FCPC would not object.

It is our understanding that the government has committed to an in-depth consultation as part of the food and consumer safety action plan—I believe I have the name right; that's the plan the Prime Minister announced before Christmas, and the subsequent legislation was just tabled at the beginning of this month. The government has committed to consultation on ways to address concerns related to "Product of Canada" on food labels. We think that's the right way to go, because, as I will provide some examples momentarily, food labelling is fairly complicated, and seemingly simple changes can have wide-ranging and often counterintuitive results. Having all stakeholders at the table to troubleshoot proposed changes can only improve the net result, from our perspective.

I think this is a message the committee has often heard from a wide range of stakeholders. I noted with interest the testimony of Mel Fruitman of the Consumers' Association of Canada, who noted the difference between products with one or two ingredients, when it comes to "Product of Canada", and multiple-ingredient products. He also stressed the importance of defining the goal when making changes to the rules and pointed to the difference between a consumer information and product safety goal and a market development and economic goal for Canadian producers.

As I mentioned, FCPC would not object should this committee or the government see fit to raise the percentage value of Canadian content to qualify for “Product of Canada”. However, we would note that state-of-the-art processing, handling, and packaging that our members do when they make products does represent a significant value-add, in terms of the safety, quality, and nutritional value of the products, but also, as I mentioned at the outset, in terms of the employment and spinoff benefits for the country. I think you've heard from a number of witnesses around the importance of retaining food processing jobs in Canada, especially when dollar parity gives us less of an economic advantage than we enjoyed previously.

•(1005)

Any changes to the rules need to allow for some acknowledgement of the value the processors add. This is especially true in an era when the focus on product safety and integrity is top of mind and resulting regulations are expected to increase costs for food processors.

Product safety is number one for our members, obviously, and we're happy to comply with any and all new rules and regulations. But the value added that we make should not be totally excluded from acknowledgement.

That said, it should also be noted that much of the concern the committee has heard results from confusing quality standard descriptions with country of origin descriptions. For example, the pears from China are designated “Canada Choice”. Grading terms like “Canada No. 1”, “Canada Fancy”, etc., are not without value. They allow consumers to compare prices of similar grades and quality of products.

As I mentioned earlier, the issue of the use of “Product of Canada” mostly applies to single-ingredient products or ones with a handful of ingredients. I noticed the Horticultural Council has a number of examples there, and they mostly have single or a couple of ingredients. But the large portion of my FCPC membership makes multi-ingredient products, like frozen entrees, pizzas, canned soups, or what have you, and don't use “Product of Canada” on their labels.

As the committee has heard from numerous witnesses, the rules around food labelling are very prescriptive and are often different for various food categories.

Here are three quick examples. For fish, paragraph 6(2)(c) of the fish inspection regulations requires the name of country of origin to be clearly identified on any label of any fish or fish product imported into Canada. But understandably, this rule presents challenges for CFIA. If a fish is caught in international waters, filleted in China, substantially transformed into a frozen fish entree in Canada, with fish being one of multiple ingredients, how should this product be labelled?

For meat, all meat labels in Canada require pre-approval by CFIA before they are approved for the marketplace. In the instance of meat products, CFIA has to sign off on the label prior to it even being used, so enforcement is less of an issue with meat than it is with other commodities.

For honey—I heard this mentioned previously by a witness around the labelling of imported honey—only honey that is pure honey and that is produced in a federally registered establishment for

interprovincial or export trade is covered by the honey regulations. These regulations have no requirement for country of origin. However, the grade of domestic honey reads “Canada No. 1”, whereas imported honey would read only “Grade No. 1”. Blended honey, which is the vast majority of honey these days, is required to carry the tag, “A blend of Canadian and”—the name of the country whose honey it's blended with—“honey”, and the sources must be named in descending order of their production.

When the honey is an ingredient in a multi-ingredient product, however, the consumer would not know the origin of the honey. And I revert back to my earlier testimony about the complexities in labelling the country of origin of the food product, with 30 ingredients, in this day and age.

To summarize, there have been a number of suggestions made by various witnesses and MPs about the possible improvements to clear up confusion. We're open to these suggestions and will work with the committee and with the government during the upcoming consultations to ensure good public policy results.

We certainly agree that any changes should be voluntary in nature. I think the committee has heard about voluntary versus mandatory and some of the challenges there.

If Canadian producers want to pursue a “Grown in Canada” label, which I believe the Federation of Agriculture has raised with the committee, we'd support that fully.

As mentioned previously, if the committee decides to recommend that the government increase the percentage to qualify for “Product of Canada”, we would support that as well, provided the percentage allowed for some acknowledgement of the value added by Canada's food processors. We just need to ensure the changes recommended serve to educate the consumer and not create any confusion.

Thank you.

The Chair: Thank you, Mr. Johnston.

Mr. McIntosh.

Mr. Larry McIntosh (Chair of the Board of Directors, Canadian Produce Marketing Association): Thank you.

The Canadian Produce Marketing Association, or CPMA, is an 83- year-old Canadian trade association. It represents a vertically integrated supply chain from farm gate to retail and food service. Our members include domestic and foreign companies selling and marketing fresh fruit and vegetables in Canada, so we'll be speaking about the fresh market.

Our organization has more than 675 members, including 409 Canadian members.

CPMA is aware of the requests from consumer groups, various agricultural organizations, and individual producers of both fresh and processing for changes and greater clarity in the “Product of Canada” regulations for foods produced in Canada.

The CPMA agrees that Canadian consumers are entitled to have accurate information allowing them to identify Canadian products or products grown in Canada and that these products should actually be Canadian in content. The challenge is that the issue is extremely complicated and crosses over multiple federal and provincial jurisdictions and regulations.

To fully understand the cost implications for an already strained fruit and vegetable industry, the reality of application and enforcement, and the implications for fresh produce, both domestic and imported, we must look at four core aspects within the value chain: one, bulk; two, single-package commodities; three, mixed salads and produce blends for fresh-cut fruits and vegetables; and four, the consumer.

Relative to the identification of fresh fruits and vegetables sold in bulk at retail—loose apples, string beans, Brussels sprouts—some provinces have provincial regulations that require imported, fresh produce to be properly identified as to the country of origin. If no foreign country is identified on the retail bulk displays, this implies that the product is Canadian. This allows for the use of “Product of Canada”, and also, as an example, for “Product of Ontario” or “Product of Quebec”.

The retail identification requirements for bulk produce fall under provincial jurisdiction. An initial review has identified four provinces with these requirements: Quebec, British Columbia, Ontario, and New Brunswick. If changes need to be made to meet a desired outcome for “Product of Canada” for bulk product, this would require provincial legislative and regulatory supports.

CPMA’s position related to “Product of Canada” labelling on bulk produce at retail is that if new changes are indeed desired, this should be pursued provincially with those provinces without a legislative regulatory base. Where changes to the current provincial requirements might be required, this should be pursued with the provinces involved.

Additionally, if “Product of Canada” were to become mandatory, it might negate the use of provincial identification. However, one would need to examine this with each province and its current legislation and regulations. Relative to complaints regarding accuracy and compliance, this is an enforcement issue that would need to be assessed.

For single-commodity packaged produce, there are federal regulations that stipulate that product origin be properly identified. If imported, whether packaged outside of Canada or repackaged in Canada, it must have the foreign country of origin. If the product is domestic and has the address of the packer, there is no current requirement that “Product of Canada” be used. This allows for the product to be called, as an example, “Product of Canada” or “Product of Ontario”. For products that use the “Canada Grade”

prefix—currently 32 different commodities—the “Product of Canada” is not required, as it is understood.

The question must be asked, do we require more information or is the issue consumer education? The CPMA position related to “Product of Canada” labelling on packaged single commodities is that any new requirement stipulating that “Product of Canada” be identified could (1) eliminate the flexibility for domestic producers to identify their specific province of production and (2) add to an additionally complex labelling system. If this is to be considered, then there should be a proviso that allows for “Product of Canada” or the provincial designation.

In addition, there are periodic problems in the fresh produce industry where firms have imported product and then repackaged it and called it “Product of Canada”. This is an enforcement issue, not a regulatory issue. This can happen innocently or intentionally. The CPMA suggests the use of the administrative monetary penalty system regulations to address this issue. However, it is our view that the fines are insufficient to act as an economic deterrent for intentional fraud activities. Heavier fines should be in place for repeat offenders and for violations of safety and security regulations. For serious violations, where appropriate, it is our view that punitive action, such as suspension of the firm’s CFIA licence or DRC membership, should be entertained.

- (1010)

Fresh-cut vegetables and fruit and mixed commodities like pre-packaged salads are another matter. They fall under the fresh fruit and vegetable labelling regulations.

Currently in Canada, the regulations allow for the following.

If there are multiple products from different countries, then each country must be identified on the package.

For single commodity mixes, such as peppers, the type of pepper and country must both be listed. The challenge under this regulation begins when you have three peppers in a package from three different countries being repackaged in Canada. The Canadian packer must identify the red pepper from, let’s say, Holland, the yellow pepper from Canada, and the green pepper from Mexico.

For mixed leafy green salads, only the countries of origin are required.

Once again, CPMA feels that the requirements are already provided for under the fresh fruit and vegetable regulations. Prior to any change, they should be reviewed to determine any deficiencies or shortfalls. As with any change, it is important to ensure that Canada not proceed to identify new regulations that would create an impediment to our exports or add costs to the industry through an increase in the inventory of packaging materials. This is especially true for Canadian operations that also export, particularly to the United States.

For fresh-cut food, most of the inputs into the products are imported. A requirement to list all the individual countries in a multiple listing—particularly given the rapid and constant seasonal change in source countries—will create a significant problem.

A possible solution for these multiple commodity products is the use of a “Packed in Canada” description. Having said that, we need to be cognizant and look at identification criteria under various trade agreements. As an example, Canada has negotiated tariff-free access to the United States for “Product of Canada”...and caution must be taken not to negatively impact this business with changes to “Product of Canada”....

Finally, there is the consumer. Many consumer groups ask that packages be labelled correctly and provide the necessary information to make a complex purchasing decision. For fresh produce, CPMA has conducted A.C. Nielsen panel track research of over 7,800 Canadian consumers. The findings show that the number one and number two influencing factors nationally in choosing which fruit and vegetables to buy at retail outlets were quality to 88% of respondents and price to 77%; followed by health benefits to 39%; locally grown produce to 36%; and organic produce to 10%.

Quality and price still drive consumer buying patterns. Consequently, it seems that while product identification is of interest to Canadians as a marketing tool to support domestic producers, it is not the primary decision factor for the majority of Canadians. The data released show that various elements influence consumers in making their produce buying decision and that “Product of Canada” is only one of them.

Interestingly, this study was done in January 2008, several months after concerns arose with some products from China—none identified or associated with fresh produce, but which became a focus of public debate on the safety of produce because of those concerns.

In summary, the CPMA appreciates the opportunity to appear before the Standing Committee on Agriculture and Agri-Food on this important subject of “Product of Canada” labelling. This is a complicated issue in today's world of commerce and changing food composition.

We wish the committee well in their deliberations, and we conclude with a simple request, that the government consult with our association as it moves ahead. CPMA would like to ensure that any changes to the current regulatory environment achieve their objectives without a negative impact upon the sector, from grower and shipper to retailer and consumer.

Thank you.

•(1015)

The Chair: Thank you, Mr. McIntosh.

Mr. McIntosh, you mentioned the A.C. Nielsen panel track research that you've done. Would you be able to share those results with the committee, or send them in when you get a chance?

Mr. Larry McIntosh: Absolutely, we'd be happy to supply them.

The Chair: That would help us with our study.

With that, we'll move to Professor Hobbs.

Dr. Jill Hobbs (Professor and Department Head, Department of Bioresource Policy, Business and Economics, University of Saskatchewan): Good morning, and thank you for your invitation to present this morning.

I'm a faculty member at the University of Saskatchewan. I'm an agricultural economist. My research area includes food supply chains, traceability, and the economics of food safety and quality, so I'll be speaking to you from this perspective.

In addressing the issue of “Product of Canada” claims on food products, I'd like to make three key points to you quickly here this morning. First, I'm going to put into perspective the purpose of a label: what does labelling do and what can it not do; I want to consider the implications of increasing the stringency of “Product of Canada” labelling; and then I want to stress the importance of considering the costs and the benefits of a change in “Product of Canada” labelling regulations.

Let's take my first point, the purpose of a label. Simply put, a label can provide information to consumers on the characteristics or attributes of a product. Many of these are what economists call “credence” attributes. What does that mean? Well, a “search” attribute is something that's evident to a consumer before purchase—the colour of a product. We don't need to label that, but in the case of credence attributes, without labelling, consumers can't identify that attribute even after they've purchased it, even after they consume it.

Clearly, country of origin is one of these credence attributes. So is production method, such as organic. We know that, increasingly, many consumers are interested in these credence attributes in food products. So there is a role for labelling to identify credence attributes to consumers.

Why do we then regulate some kinds of labelling? Usually it's to inform consumers about potential hazards—for example, requirements for labelling the presence of allergens—or to allow more informed healthy eating choices, such as requirements for standardized nutrition content labelling.

In those situations, we're basically saying, left to its own devices, the market may under-provide this information. Implicitly, therefore, we're also saying the benefits to society of having this information outweigh the cost to provide it. There is a rationale to regulate labelling.

There are also numerous examples of the private sector voluntarily identifying credence attributes in a food product label when there is a strong market incentive to do so from consumers. I've already provided the example of organic, and of course there are many others.

So where does “Product of Canada” labelling fit? I believe it would be a mistake to see this as a food safety issue. We deal with food safety through our food safety regulations and inspection system, not through labelling the country of origin. Simply knowing where the product comes from doesn't really tell the consumer anything about how that specific product was produced. It doesn't really tell the consumer anything about the safety of that specific product. So if there is a food safety concern, then deal with it through the food safety system and, if necessary, through increasing resources to the CFIA in conducting risk assessments and monitoring the safety of food imports.

In my opinion, labelling is simply too blunt an instrument to address food safety and food quality issues. We address these through other mechanisms. So if there is not a strong food safety or health rationale for “Product of Canada” labelling, why do we use origin labels? Well, clearly knowing where the food came from may be of value, in and of itself, to some—not necessarily all, but to some—consumers. So to the extent that consumers value this information, there is indeed a market incentive for the private sector to provide it.

This sounds fairly simple. The reality, of course, is much more complicated, and in particular, as you've been discussing in these committee hearings, determining what “Product of Canada” actually means.

That leads to my second point: what are the implications of increasing the stringency behind “Product of Canada” labelling? My third point is related: why is it important for a full cost-benefit analysis of any regulatory change?

It seems to me a really key question is, where do you draw the line? Currently it is drawn at 51% of the costs of the economic activity of the product. Perhaps it should be higher, and I think that's a very important conversation. I believe some people have suggested to you, in previous testimony, 75% or 80%. It seems to me the percentage, to some extent, is arbitrary, except that most people would probably agree that 100% is likely unobtainable or not economically feasible. So how do you determine the appropriate percentage of Canadian content or value?

We can only answer that question through research and analysis that takes into account the increased costs to the agricultural and food sector of a more stringent Canadian content rule versus the benefits to the consumers and to the agricultural sector as well. So let's take a look at those two things very quickly.

What would be the key costs? Primarily, it would be identifying and, if necessary, tracking and tracing Canadian food ingredients. This might be relatively simple for some products—apples, for example—but clearly the costs would quickly escalate for further processed food products with multiple ingredients.

Take frozen pizza as an example. Would a manufacturer have to show that the cheese was produced in Canada, or the salami, the tomatoes, mushrooms, peppers, the flour and margarine in the base, and so on? I think as you've heard before, that becomes more complicated.

• (1020)

Who would incur these costs? The onus or burden of proof will be on Canadian firms wishing to identify Canadian products. If the

costs of doing so are too high because the rules become overly complex, it may become uneconomic to use voluntary “Product of Canada” labels. So, paradoxically, you could have less information, not more, available to consumers.

The point is that where you set the bar in terms of Canadian content and how much information you require are critically important decisions, and they require a thorough review of potential costs to the Canadian agricultural food sector.

How would any additional costs be distributed across the food sector? Would the food processing sector simply absorb these higher costs? I would argue that it would probably not. I think some of that cost burden would likely be pushed back to suppliers of raw agricultural products—farmers—in the form of lower bid prices for their products. Some of that cost burden would likely be pushed forward to consumers, resulting in higher food prices.

Clearly for those consumers who value the identity of the Canadian attribute and are willing to pay a little extra for this information, that might be okay. For other consumers who don't have strong preferences about that issue or, more importantly, don't have the means to pay higher food prices—consumers on lower incomes—this is going to be detrimental.

Again, it comes down to weighing the benefits and costs to society and the distribution of those benefits and costs across groups.

I talked a lot about costs. What would be the key benefits of increasing the stringency behind “Product of Canada” labelling? Clearly some consumers value this information, and the credibility of the current labelling rules has been called into question. There is considerable confusion, apparently, among consumers about what this label really means on a food product.

So providing clear information will benefit those consumers who value knowing that the product is Canadian and therefore would be willing to pay more for an assurance of origin. We can use economic analysis to measure the value of this attribute to consumers, just as we can for other credence attributes like organic, pesticide-free and so on, through so-called willingness-to-pay studies.

So measuring the benefits, I would argue, is equally as important as measuring the costs. Otherwise you're not going to fully account for the potential benefits of that labelling information.

We should remember that labelling information generates a benefit to consumers only if it's credible. So an important piece of this puzzle will be ensuring that "Product of Canada" or a voluntary "Grown in Canada" label is credible. Third-party verification is one way of enhancing the credibility of labelling information, so in the case of a voluntary "Grown in Canada" standard, I would expect that third-party verification would have an important role to play in that regard.

Credibility extends not only to knowing that a food product really is Canadian but to maintaining a strong food safety regulatory system and having effective private sector quality assurance programs, which will also be important in protecting the reputation of the "Product of Canada" label.

In closing, just to reiterate, "Product of Canada" labelling, in essence, should be a mechanism for identifying Canadian products to consumers who wish to make purchase decisions based on knowing where the product came from—no more and no less.

What a "Product of Canada" label does not do by itself is assure food safety. Our food safety standards and enforcement mechanisms should do that. So a decision to change the threshold or the rules of evidence to assure "Product of Canada" should take into consideration both the cost and the benefits to the agricultural and food sector and to society as a whole.

Thank you.

• (1025)

The Chair: Thank you very much.

Ms. Fowlie, the floor is yours.

[*Translation*]

Ms. Anne Fowlie (Executive Vice-President, Canadian Horticultural Council): Good day and thank you.

The Canadian Horticultural Council is a national association that has been committed to promoting the interests of its members since 1922.

[*English*]

We are committed to advancing the growth and economic viability of horticulture by encouraging cooperation and understanding to build national consensus on key issues such as the one we're speaking about here today and bringing those positions to you.

[*Translation*]

Across Canada, the CHC's members are involved in the production, packing and processing of over 120 horticultural crops comprised of fruit, vegetables and herbs.

[*English*]

Members include provincial and national horticultural commodity organizations who represent over 25,000 producers in Canada, as well as allied and service organizations, provincial governments, and individual producers.

Horticulture is certainly one of the larger production sectors in Canada, with over \$5 billion in cash receipts, and critical in many provinces. It's a major source of farm cash receipts in B.C. and P.E.I.,

and it accounts for more than one-half of crop receipts in provinces outside of the prairies.

There are other stats in the document you have before you, so in the interest of time I'll move on to a few other things, such as why we are here today. We're seeking clarity and truth in labelling and a means to recognize Canada's outstanding products.

We face an inability to know with certainty that we are purchasing and supporting our Canadian-grown products. We rely on a number of regulations administered by the Canadian Food Inspection Agency in order to engage in commerce. The regulations governing the definition of "Product of Canada" date back to the early 1970s, and, clearly, many are in agreement that there's a need to revisit and amend those regulations.

We and others have identified this as a priority for some time. However, it seems that it wasn't until attention was drawn about a year ago to incidents with pet food and some food safety incidents that we really witnessed a heightened and broader awareness of these concerns. These incidents truly served as a call to action. It is, indeed, now time to review criteria linked to "Product of Canada" labelling.

Furthermore, as many will recall, last fall, CBC's *Marketplace* presented an exposé on "Product of Canada". While numerous examples were presented and consumers interviewed, perhaps one of the most revealing items was a jar of garlic bearing the name "Canada garlic" and was labelled "Product of Canada", which upon further investigation was found to contain no Canadian garlic whatsoever.

While it's permitted under current regulations, the result is confusing for the general public, and it is certainly a disservice to Canadian producers. Consumers have a right to distinguish and support Canadian production, but must be in a position to do so. The present definition is obsolete and may be misleading as to the real origin of products identified with the designation.

As you have heard, under the current regulations there are definitions around content and so forth, and the result is a multitude of products containing imported raw material that may be labelled as "Product of Canada", even though they may be simply processed and, in some instances, only packaged in Canada.

We believe and ask that the criteria for an item to bear the "Product of Canada" designation be amended such that the significant portion of the content of a product is indeed grown in Canada.

Canadian farmers proudly produce our fruit and vegetable crops using environmental farm plans, on-farm food safety programs, and a whole host of other federal, provincial, and municipal regulations. They must be recognized and rewarded for this.

Certainly, we recognize that there are differences when referring to a fresh product, as we've heard, such as an apple, a peach, or potatoes. Whether it be in bulk, bearing a sticker, or packaged, one is generally able to readily determine the origin. It can, however, be more of a challenge when it comes to processed products. Lack of clarity, confusion, and inconsistency are very much the norm.

I have brought a number of examples. I must preface my remarks by saying that we value tremendously our processors and certainly do not want to see disadvantages put upon them.

In the package you have there are three bottles of juice, two orange and one apple. Each is made by the same company, yet there are different labels. One indicates "Product of Canada" as well as "Prepared under licence"; the second, "Product of Canada", no origin; the third, "Product of Canada" and "Prepared by". Again, all three are made by the same company.

Some frozen juice indicates "Processed in Canada". However, there's no reference to "Product of". On some other juices, some cranberry cocktail, grape cocktail, there's no "Product of" designation whatsoever.

• (1030)

There are two cans of peas. They're from different companies; each one is selling the same product on the same shelf, yet they have completely different labels. One, the Del Monte, has "Product of Canada", and the other has no designation other than simply "Prepared for".

Here is some fruit cocktail. "Product of Canada" is how it's identified, yet the ingredients include pineapple. Here is a can of pear halves labelled "Product of U.S.A.", which is fine; that's good. However, there is no "Prepared for" listed anywhere.

Here are diced tomatoes—"Product of Canada"—yet a can of tomato paste has no designation other than "Prepared under licence".

Here are some whole white potatoes. They're prepared for a Manitoba company, but there's no packaging done there that we're aware of. Are the potatoes Canadian? Perhaps, but perhaps not.

Finally, here's a Campbell's soup label. There's certainly a name and address, as is required, but there's no "Prepared by", "Processed by", "Packaged by", or "Product of".

As I indicated, I acknowledge that we need and value and support our Canadian processors and have no desire to see them placed at a competitive disadvantage by changes that may come about. In fact, change must provide benefit to them as well, including opportunities to proudly distinguish premium Canadian products. We believe there are means to accomplish this.

The value our processors add to our sector, our rural economies, and indeed the Canadian economy in general must not be compromised. We value the innovation and diversification they bring to us. Certainly we collaborate with and work closely with the processors whenever possible.

All of this is integral to Canada's food security, both today and, even more importantly, for the future.

We do not want changes to result in reduced returns to processors, as was referred to here just a few minutes ago. Unfortunately, over the past two years we've witnessed the closure of a number of processing facilities.

In Quebec they included Kraft, *avec les concombres, à Sainte-Thérèse*; CanGro, which was previously Kraft, a bean plant in Chambly; and Smuckers Foods, a cucumber receiving and brining plant in Saint-Bonaventure, in March 2006. Of course, in Ontario just recently it was CanGro, the processing facility for peaches and pears in St. Davids.

Those are the most recent. Sadly, there have been many others, and we fear the company's plant, CanGro, which cans peas, sweet corn, and other vegetables in Ontario, could also close. Hopefully this will not be the case. We don't have any indication, but if we look at history, it is a cause for concern.

In terms of some of the suggestions that have been previously made and the reason you're studying this issue, we also refer to being able to make health claim statements. There's certainly a disadvantage to us here in Canada, and there are many healthy attributes to our products. We should be able to speak to these as well.

Again, in being able to identify Canadian products, no doubt we recall the phenomenal success of the "I am Canadian" beverage campaign a few years ago. Just imagine the possibilities of this type of recognition and the enthusiasm that could be translated to our own Canadian-grown agricultural products.

With that, I'll conclude my comments.

• (1035)

The Chair: Thank you very much.

In the interest of time, we're going to stick to a five-minute round to make sure every party gets a chance to ask at least one question.

To kick it off, we have Mr. Boshcoff. You have the floor.

Mr. Ken Boshcoff: Thank you, Mr. Chairman.

Welcome. We're sorry for the delay.

If we're going to review the labelling conditions, should the study address not just the origin question, but should we also be doing the whole nutritional side of it in some way, such that people can understand qualitatively and quantitatively what is in the package?

I guess the question would be how we do that for fresh fruits and vegetables, products that might not be in cans or have labels—that type of thing—so that people can know. Is there a fear that if this begins at our level—that is, for these types of products—the restaurant community will have concerns that the same thing might happen to them, that people would want to know what's in that gravy and those french fries, and that type of thing?

The third question is, should all imports be subject to the same labelling requirements and be bilingual and be as stringently enforced as new applicants in Canada are for their labelling requirements?

The fourth thing, if we have time, is this. When there are misleading statements on labels, what should be the degree of penalty, and how do we enforce it, especially when, as Mr. Johnston mentioned, inconsistent enforcement exists right now?

Thank you.

Mr. Blake Johnston: On your first point, Canada has some of the most progressive food labelling rules in the world. The nutrition facts panel we have on food in Canada is only very recent; it came into place just a few years ago, and the rest of the world looks at it.

The health committee was looking at food labelling under their child obesity study not too long ago. They were looking at the United Kingdom and a stoplight or traffic light front-of-package label. During their review, they realized that the reason the British have this is that they don't have the nutrition facts panel we have in Canada, which gives the recommended daily percentage of intake of all the ingredients that are important.

I would say that on the issue of nutrition, Canada is a standard-bearer in terms of the information it provides consumers. That was really carefully tested, and it's in place for the vast majority of food products.

Concerning the subsection of the food group you raised, there were some logistical difficulties with some meat categories, and I believe some vegetable categories as well don't have the nutrition facts panel. I think at the time the government decided, or there was some consensus at that point, that the logistical difficulties of putting those on certain items—how do you put it on a head of broccoli, if you will—presented enough problems that they didn't do it at that stage. But the vast majority of products in the grocery store have that facts panel, which make us a world leader.

On your second point, there are two different issues: we're talking about nutrition labelling versus origin. They're very important to differentiate.

In my opinion, Health Canada is very good at what they're telling consumers about food on food labelling, and it's very carefully managed. They don't do anything half-cocked. They do efficacy studies on everything they do to make sure it's interpreted properly by the consumer, and it's very evidence-based and very good.

I think we really have to separate the two and see the difference between that and what we're talking about here, between the labelling of products as to origin and the labelling around nutrition and health and safety.

Concerning all imports playing by the same rule, that's something we've supported very much, mostly in the context recently of Bill C-51, which is the legislation the government has tabled to amend the Food and Drugs Act in relation to the import safety issue.

We're firm believers that imported products and importers need to comply with all the same rules as domestic producers and that the food industry needs to essentially own their value chain and be

accountable for things they bring into the country. I think this legislation accounts for that by requiring importers to register with the federal government and be a bit more accountable than perhaps they are now.

On your final point, about misleading statements, I'm not certain about the administrative monetary penalties that are open to CFIA, but the Food and Drugs Act is a criminal statute, so it's my understanding that companies that are seen to be making these mistakes are open to criminal prosecution in some instances and fines in others.

Perhaps Joe could correct me on that one, if that's—

• (1040)

The Chair: The time has expired.

Monsieur Bellavance, vous avez cinq minutes, s'il vous plaît.

[Translation]

Mr. André Bellavance: Thank you.

I will try to leave a few minutes for my colleague Louis so that he can take part in the discussion.

First of all, I want to congratulate you, Ms. Fowlie, on your presentation. Not only is your submission very comprehensive, with photos and the like, but quite frankly, it will be very helpful to us as we go about our work. Your presentation was also very interactive. You even brought some products with you. This brings me to the following question.

You gave some excellent examples. To my mind, they are negative examples, but they clearly show that companies have created some confusion—whether it was deliberate or not—and that consumers are left wondering where the products on the grocery shelves actually come from. The reason is often very simple. Some companies do not want consumers to know. In other cases, they invoke existing legislation to say that a product is from Canada, as in the case of the pineapples that you spoke of earlier. Everyone knows that not many people grow pineapples in their garden. I am not personally aware of any farmers in Quebec or anywhere else in Canada who specialize in growing pineapples. And that is why we need to change the labelling legislation.

Committee members heard testimony from the Union des producteurs agricoles du Québec which believes that mandatory standards should be adopted. This brings me to my question. Most witnesses, including a few that we heard from this morning, have told us that they favour voluntary standards. The problem I have with voluntary standards is that we will once again end up with labels that do not say where the product originated. The company, processor or packager will not be required to specify product origin. So then, consumer will not know if the product they are buying comes from Canada or from somewhere else, for example, from China or from the United States. Certainly there is value added for the company that prints “Product of Canada” on its label. The consumer, however, will still be confused.

What are your thoughts on this subject?

Ms. Anne Fowlie: I agree with you. If we go with voluntary standards, then nothing will really change. We must all work together to come up with a mandatory labelling system that works.

• (1045)

Mr. André Bellavance: In your submission, you state that designations such as “Prepared for” and “Imported for” should not be allowed. What types of designations would you like to see? How should products be labelled?

Ms. Anne Fowlie: The “Product of Canada” designation should be strictly reserved for products that were in fact produced in Canada.

Mr. Louis Plamondon: Many governments and agencies have spoken out in favour of a vast North American market. For example, some have said that it is possible for cattle to be born in Mexico, raised in the United States and sold in Canada. Therefore, there should be no barriers as far as cattle farming is concerned. This question has been discussed at length, always within the context of free trade. How do you reconcile the fact that some people dream of a North American market while others advocate protectionism when it comes to the labelling of Canadian products? Would a comprehensive treaty respecting different products and food crops between the three countries not be a possible solution to this problem, at least in so far as the North American market is concerned?

Ms. Anne Fowlie: Markets are indeed very integrated, but I really do not think we need to adopt a labelling system for the North American market at this point in time, especially given the current situation. I really don't.

[English]

I would just like to mention too that as we heard in terms of monitoring—and this is an important part, if you're going to have something that's mandatory—one of the things I'm concerned about is that CFIA just published its annual report on priorities and plans covering the fiscal year 2008-09, which is on the Treasury Board website, and over the next three years, through to 2011, planned spending at CFIA is expected to be cut by \$53.9 million, or just under 9%. Of this, food safety expenditures will represent cuts of just under \$10 million in 2008-09, increasing to under \$15 million for 2010-11, and human resources will drop by some 187 full-time equivalents over the coming three years.

I have a concern about that, particularly in the light of our talking about things that need to be done in monitoring. You've heard witnesses previously talking about a need for greater engagement by the Canada Border Services Agency where there are gaps and so forth.

I would just like to flag that as a concern.

The Chair: Thank you very much. Your time has expired.

Mrs. Skelton.

Hon. Carol Skelton: Thank you very much.

I'm very sorry we couldn't have had this debate for the full two hours today. I know you've all come a long way.

We talk about clarity and truth in labelling. Professor Hobbs and Mr. Johnston, it sounds like you're fairly happy with what's happening right now in terms of what you see going on with, let's say, Bill C-51. Am I right in saying that?

Mr. Blake Johnston: Yes, definitely, because the principles in that bill are around a level playing field and accountability. I would caution, though, to follow up on Anne's point, that when we're talking about a lot of the issues that the committee has been looking at, in this study and others, that have to do with lack of enforcement by CFIA, if we're talking about changing a legislative framework but cutting resources to enforce that legislative framework, then there are some challenges there.

But generally, from a legislative perspective, if we're talking about making importers accountable and increasing safety, that's great for us, because consumer safety is number one. Our business is based on that. I work for branded manufacturers, so the safety of the product is number one.

Hon. Carol Skelton: Could you comment as well?

Dr. Jill Hobbs: The enforcement issue is a good point. That was my issue about distinction between a food safety issue.... If there is a food safety concern, then deal with it through those food safety mechanisms.

The credibility issue around labelling is I think a different question. If those labelling rules right now are confusing, then we need to look at that. But I think that's a different question.

Mr. Blake Johnston: Perhaps I can just follow up on that—very briefly, so that I don't eat into your time.

There's a movement afoot here in that consumers are interested in food, and labelling is top of mind. But parliamentarians need to remember that if you add additional labelling requirements for enforcement through various.... Mr. Atamanenko has a GMO labelling bill before the House, and you're looking at “Product of Canada” labelling. There are myriad examples, throughout private members' business, of MPs looking to change food labels.

Those all come with a cost, and they all lead into the opportunity cost for things that are going to help our sector innovate, as the government is trying to do. CFIA resources can only go so far, especially if their A-base resource is about to be cut, not raised. I'd just make that point.

• (1050)

Hon. Carol Skelton: Mr. McIntosh, can you comment on that? Do you have a comment?

Mr. Larry McIntosh: On the enforcement issue?

Hon. Carol Skelton: Well, on either. Are you happy with the way the labelling is right now, or would you like to see it...?

Mr. Larry McIntosh: For fresh produce labelling, I think the regulations are in place now. It's fairly straightforward. I think it really comes down to enforcement of the regulations that we have in place today, whether that be packaging that doesn't have the proper information on it or whatever the case may be.

The bigger enforcement issue for our industry is the people who are deliberately bringing in carrots from China. We certainly see a lot of that in Canada. A lot of the stuff from the United States gets rejected and ends up in our backyard at very reduced prices. Somebody can make a lot of money packaging Chinese carrots—using that as an example—in Canadian packaging.

Hon. Carol Skelton: So that's an enforcement issue.

Mr. Larry McIntosh: Absolutely it's an enforcement issue. Things are on the books now, but somebody needs to be able to enforce that to protect the consumer.

Mr. Dan Dempster (President, Canadian Produce Marketing Association): I'm of the view that some of our enforcement mechanisms perhaps don't go far enough. I'm rather right-wing on some of this stuff, but some of the issues.... I think the largest fine that I'm aware of for people fraudulently repackaging product was about \$5,000. Well, ostensibly \$5,000 may be a drop in the bucket.

Every importer of fresh fruits and vegetables must be either licensed with CFIA or a member of the Dispute Resolution Corporation. Mr. Easter would know a little bit from our discussions on the DRC. Clearly there's a vehicle there and an enforcement tool. The single, most threatening thing you can do to anyone is take away their right to do business—or, as I would say, take away their right to defraud the public.

So I think there are things out there. Whether we have the strong legislative base that allows us to do that...and maybe that's one of the things we need to do.

On the whole labelling issue, I understand the various and sundry instances. This is a really complicated issue. I think packaging and labelling legislation goes back to the early seventies. It was designed when the Canadian Food Inspection Agency, when it was part of Agriculture Canada, was dealing with basically quality-type issues. We've added food safety to their mandate. We've added all of these other wonderful things that have skyrocketed. Look at the volume of global trade. They're trying to manage all that.

I think we have to be very cognizant, as we move forward, of what we're asking for from a regulatory agency and their ability to do it. I see it not just with this issue but with a lot of things in this town. Policy that is intended for public benefit but that can't be properly enforced is not good policy.

The Chair: Mr. Atamanenko.

Mr. Alex Atamanenko: We are coming to the end of our discussions on this. Most people, everybody I've talked to, find it bizarre that "Product of Canada" means 51% of the cost.... People on the street think it's crazy.

As we look at the report, do you think we have to take out this 51% of production costs and substitute a percentage of the actual content? We had a recommendation at committee—I believe it was 51% of content. So that's my first question, as we come to the close of this debate.

The other one is this. We have talked about voluntary and compulsory. You mentioned GM labelling. We know there has been a voluntary GM labelling law in force since 2004 and nobody's really taken us up on it. If it's compulsory, should there be an incentive for industry to do this? You get a law in place and there has to be some kind of help, whether it is subsidies or something. That's the second question.

I did not realize that in Saskatchewan, for example, it is not necessary to label where apples are from. I always assumed, when I was in a store, that the apples were a product of B.C., Ontario, or something. I didn't realize that it wasn't right across the country. I would like a comment on that.

Finally, we should address the whole idea of food sovereignty, food security. Should we be promoting "Canadian" to ensure that we support our local agriculture?

• (1055)

Mr. Blake Johnston: On your first question about the 51%, the debate comes down to content versus value. The members of this committee have heard from a number of agriculture producer groups that think it should be content. A lot of folks spend a lot of time and money building state-of-the-art, clean factories. We comply with 442 pieces of legislation, federally. The people who spend that amount of money making sure the product ends up safe and healthy probably think it should be based on value.

When you talk to consumers and say it's based on the value of the product, they shake their heads and think it's hard to believe. Perhaps this is due to a failing of government and my industry to educate the consumer about value. That's debatable. But from our perspective, it should stay on value. You might want to raise the number, but there should be something that allows processors to tell the story of the value they add.

Secondly, on your point about GMO labelling, there are two things. My understanding is that the government's organic labelling standards are going to come into force in November of this year, approximately six months from now. This will allow consumers to decide if they want to buy GMO food or not, even though there is no health or safety reason for their choice.

The GMO labelling standard that you referred to was, I believe, put in place in 2004. That was a General Standards Board process that took a long time. I would ask the question and reverse the onus.

Professor Hobbs talked about market forces. He said there would be a benefit to processors to put "Made in Canada" on a product, because the market would somehow buy that. I would throw the question back at you: if consumers are clamouring to know how to avoid GMOs, why is there such a small uptake among processors for that voluntary label? We're certainly not hearing that this is a major issue for producers. As for GMOs, I think most of the members of this committee realize that Canadian farmers are massively adopting the technology. It's pervasive in production of our staple commodities as well as in the grocery store. So we would oppose efforts to raise that.

We agree with Professor Hobbs' assertion that labelling should reflect health and safety rather than things that could frighten the consumer.

Finally, should we be promoting agriculture? That's not representing farmers. Our sector's opinion is not as important on this point, but obviously we support Canadian agriculture. We buy 43% of the production.

With respect to our efforts to try to grow, innovate, and pass values through the value chain, over the last couple of years we've been working with farmers to try to get the next APF, agricultural policy framework. We have tried to make some investments in some of the areas that Anne mentioned, like the uses of health claims. We want to communicate to consumers that the product contains barley

and that barley can lower your risk of cardiovascular disease, or that oats that will lower your risk of cancer.

Those are things that we can't do in Canada as much as in the United States. I would definitely say we are working with the whole value chain, and we would like to see farmers do well in Canada, 100%.

The Chair: Thank you.

Time has expired. I do want to thank the witnesses for coming in. We wish we had another hour to spend with you, and other members here would like to have asked questions. I know you never got your full testimony on the record, but we do have your report here. I really do appreciate it, especially in the summary where you define how you'd like to see "Product of Canada", "Prepared in Canada", and the grading system work. I think that's great information, and we'll definitely incorporate it into our study.

So I want to thank all of you for coming. I want to thank you for your patience with us earlier this morning, but we had to get through those motions as well.

With that, we do have to adjourn. Another committee is waiting to come in. Thanks a lot.

We're adjourned.

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