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Chair

Mr. James Bezan

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• (0905)

[English]

The Chair (Mr. James Bezan (Selkirk—Interlake, CPC)): I call this meeting to order. We're doing our last hearing before we start working on our report on "Product of Canada" labelling.

We welcome back people from the department. From the Competition Bureau we have Richard Taylor, Morgan Currie, and Larry Bryenton. I want to welcome all of you.

From the Canadian Food Inspection Agency we have Paul Mayers, Debra Bryanton, and Carla Barry, and from the Department of Agriculture and Agri-Food, Blair Coomber.

I welcome every one of you. We're looking forward to your input into some of the discussion we've had over the last couple of months on "Product of Canada" labelling. There are especially a lot of issues surrounding the technical aspects of how we move forward.

With that, I will open it up to opening comments. Who is going to go first? Mr. Taylor?

[Translation]

Mr. Richard Taylor (Deputy Commissioner of Competition, Civil Matters Branch, Competition Bureau): Mr. Chair, I only have a few words to say about the important role the Competition Bureau plays in Canada's agricultural sector.

The Competition Bureau is an independent agency that contributes to Canada's prosperity by protecting and encouraging market competition and helping consumers make informed choices. The objective of the Bureau is to be an excellence-based organization that produces results having an important impact and that is flexible enough to deal with today's and tomorrow's challenges.

[English]

The agricultural sector is a key priority for us. We know how hard our farmers and farm families work. We know it's the most dangerous job in Canada. And we know how important it is to all Canadians.

The Competition Bureau has made this a priority sector. We'd be happy today to answer any questions you may have about that important sector.

The Chair: Thank you.

Mr. Mayers.

Mr. Paul Mayers (Acting Vice-President, Programs, Canadian Food Inspection Agency): Thank you, Mr. Chairman.

Good morning.

[Translation]

I appreciate the opportunity to appear before the Committee on its last day of hearings on this important matter. Indeed, the Canadian Food Inspection Agency has been listening with great interest to the discussions of the Committee throughout this study of "Product of Canada" labelling.

In my brief remarks today, I would like to reiterate the government's commitment to help consumers make informed decisions about food products.

[English]

As you know, Prime Minister Harper announced Canada's food and consumer safety action plan in December. This action plan includes a commitment to review the government's current policies on using "Product of Canada" and "Made in Canada" food labels and advertising. The CFIA is already taking steps to review these policies.

Our goal is that claims for "Product of Canada" or "Made in Canada" are accurate and truthful, both for consumers who want to use this information to make their purchasing decisions and for industry that wants a level playing field.

Although the claims are voluntary—that is, manufacturers in most cases are not obligated by law to identify the Canadian content of their products—once the claims are made it is mandatory that they be accurate and truthful. Therefore, once manufacturers choose to make a claim about the Canadian content of their product, they must meet the prescribed guidelines.

It's no surprise, then, that the CFIA has followed these hearings with interest. We've listened to and reviewed the testimony of witnesses. This has strengthened our understanding of stakeholders' perspectives on "Product of Canada" and "Made in Canada" claims. We understand that producers, for example, would like us to raise the content threshold for "Product of Canada" claims. Processors want to ensure we recognize that their industry contributes to Canada's economy through value-added processing. Consumers, of course, want assistance in identifying Canadian food products.

The CFIA believes it is possible to reconcile these viewpoints, and it is currently exploring options to do so. That said, to know where we're going, we have to where we've been.

As a reminder, our current guidelines state that two basic criteria must be met before manufacturers can claim the Canadian origin: the last substantial transformation of goods must have occurred in Canada, and at least 51% of total direct costs of producing or manufacturing the goods must be Canadian. It's recognized that these guidelines derive from a time when the food supply was much less global.

Perhaps the most important point to reiterate is that this is not a food safety issue.

[*Translation*]

Canada has one of the most stringent food safety systems in the world. All food offered for sale in Canada, whether domestically produced or imported, must meet Canadian food safety standards. Manufacturers are responsible for ensuring that the materials they use, as well as the products they sell, meet all federal requirements.

[*English*]

"Product of Canada" labelling provides information to consumers that may assist them in making purchasing decisions. As we move forward with our review of "Product of Canada" and "Made in Canada" claims in food labelling, we will be listening to Canadians.

These hearings are useful to us, and we are pleased to participate. We are grateful to the committee for the investment, foresight, and interest, and we thank you. My colleagues will be happy to answer your questions.

Thank you, Mr. Chairman.

• (0910)

The Chair: Thank you.

Mr. Coomber, do you have anything to add?

Mr. Blair Coomber (Director General, International Trade Policy Directorate, Department of Agriculture and Agri-Food): That's fine.

The Chair: Thank you.

I'll open it up.

Mr. Steckle, you have the floor.

Mr. Paul Steckle (Huron—Bruce, Lib.): Good morning, witnesses.

As has been noted by the chair, this will be our concluding message from witnesses to the committee in terms of our going forward and reporting on this very important matter.

I guess over the past month or so we have heard a lot of things. A lot of things were repetitious from one group to another, but one theme remained consistent: people should have the right to know, and they should have the right to know that the information they believe to be true is actually true.

I guess before this committee we've had a number of issues. A number of years ago we had Bill C-27, where we brought together a number of bills. The bills died in 2006. Where we tried to bring some clarity, where truth in advertising was really the foremost issue, that was on dairy products, where we brought the dairy terms part

into that bill. Even though the department felt we shouldn't do that, we did it.

Yet we hear this morning from you that we need to make sure that people have confidence in the system. We know there are things on the shelf today that shouldn't be there. You know they shouldn't be there, particularly the Competition Bureau, the CFIA. It's not a health issue. We're not talking about safety. I think you've made that very clear and I don't think there's anyone here who questions the safety of our Canadian food products.

Given that so much of the product that we buy on the shelves today is marked "Product of Canada", when in fact the product within the contents of that packaging or containment is not Canadian, and when you ask a Canadian, they believe it to be Canadian, isn't that misrepresentation of fact or truth?

If the Competition Bureau knows this, why do we not have the watchdogs? Why do we not have the people who can go into the stores and make sure that what's on the shelf actually is what it says it is?

I just don't understand why this has gone this far. I have some other comments in terms of what we might be doing in the future, but can I have your comments on that and why we have failed so miserably in the past?

Mr. Richard Taylor: Mr. Chair, we don't actually make the rules of the game with respect to food products. What has happened in the Canadian context is that we have come up through multiple stakeholder meetings and over the years with rules and regulations and guidelines that are primarily based on older manufacturing industries, where there was some certain sense to the rules we have.

I'm going to pass it over to my colleague Larry Bryenton. He is the acting assistant deputy commissioner and is primarily responsible for handling our labelling statutes.

Mr. Larry Bryenton (Acting Assistant Deputy Commissioner of Competition, Fair Business Practices Branch, Competition Bureau): Thank you very much, Mr. Chair.

Following up on Richard's comments, I'd like to reiterate that the guideline the bureau uses with respect to "Made in Canada" claims is a voluntary guide. It's not legislation or regulation.

It's important to recognize that it relates to non-food products, and a lot of the commentary and concerns expressed to date about the serious issues relate to food. I defer to my CFIA colleagues on that.

Certainly, as Richard indicated, the guide has its foundation in the manufacturing days, when there was an attempt to try to balance the need to have clearer information for consumers on the Canadian content as well as to give the opportunity for Canadian manufacturers to source inputs to be able to competitively provide their products in the marketplace.

Maybe I can turn things over to my colleagues at CFIA, who can comment on the food aspects.

Mr. Paul Mayers: The question goes not only to the guidance, but also to compliance with that guidance.

In terms of the CFIA's compliance responsibilities, which cut across—as you're well aware in this committee—animal health, plant health, and human health issues, we prioritize the application of our resources on the basis of all of those interests. As you can imagine, our human health responsibilities come first. However, as they relate to the issue of compliance with the existing guidance, we do investigate “Made in Canada” and “Product of Canada” claims issues on a case-by-case basis. That assessment would generally focus on the value of expenditures directly related to the production of the food, consistent with the current guidance relating to the ability to make these claims. In assessing compliance with the guidance, we consider the direct expenditures, in terms of the cost of production, including raw materials and labour, as well as the expenditure on the overheads that are incurred relating directly to the production of the food.

● (0915)

Mr. Paul Steckle: Well, everyone has pretty much deflected responsibility for taking on this issue, but in the case of buttery popcorn, when there is no butter in the popcorn, whose responsibility is that? We're saying that we want truth in advertising, that we want the public's confidence in buying our products, but given that we've now basically conceded that the cost that has gone into the product, and not the content, must constitute 51%, I believe it's time that we move to a new method, because people have come to understand that we can't really know what's in the product because of the way we've derived this 51% of Canadian product. So we need to devise a new method of identifying what is Canadian, “Canadian Grown”, or “Grown in Canada”, with an exclusive name brand signifying or noting it is exclusively Canadian. I think we need to move in that direction.

Would you be in favour of bringing in that kind of labelling and of having the 51% going perhaps to something higher, not through regulation, but simply through a ministerial order? Would you agree with simply having those guidelines changed without regulation? Would you agree with those two things?

Mr. Paul Mayers: In terms of the ability to make such a claim, the key question will remain, is it truthful and accurate? As you are aware, we are in the process of reviewing the policy. In the context of that review, we will be listening with great interest to all of the stakeholders, including the perspective of consumers and certainly to the output from the work of this committee in that regard in terms of moving forward.

I will turn to my colleague in a moment, but in terms of the ability to use additional claims, such as “Grown in Canada”, that potential exists. Again, the standard in that regard will be its truthfulness and accuracy.

I'll ask my colleague to elaborate further.

Mr. Paul Steckle: And what about simply changing the guidelines versus the regulations?

Ms. Debra Bryanton (Executive Director, Food Safety Directorate, Canadian Food Inspection Agency): I believe that during our last appearance before the committee we had indicated that within CFIA we use the *Guide to Food Labelling and Advertising* as our interpretive guideline document for a core provision in the Consumer Packaging and Labelling Act, which does

state that claims must be truthful and not be misleading. In that guideline, you will find interpretation of a range of different labelling issues.

When it comes to issues such as “Product of Canada”, “Made in Canada”, “Grown in Canada”, there is a range of qualified claims that may be made; and when we evaluate these claims, we do look to determine whether they would be considered truthful, and not misleading, in the eyes of the consumer. As has been noted in some cases, there has been more specific guidance provided, such as the current guidance on “Product of Canada” and “Made in Canada” claims—and that was developed, as we know, a few decades ago, based on current policy and the objectives of government at the time. Evidently, consumers are interested in a different interpretation of “Product of Canada” and “Made in Canada”, and that is what's being explored in the review of the current policy. So the full range of qualified claims can be explored.

With regard to regulation versus guideline, what we are currently looking at is the review of the current approach, which uses the guidelines to interpret that provision in the regulations.

● (0920)

The Chair: Thank you. Your time has expired.

Madame Thi Lac, *s'il vous plaît*.

[Translation]

Mrs. Ève-Mary Thäi Thi Lac (Saint-Hyacinthe—Bagot, BQ): I want to thank all witnesses for coming to meet committee members on the last day of our hearings on this matter. I wish to thank the two witnesses who addressed the committee and started their comments in French. I really appreciated it.

My colleague, the member for Rivière-des-Mille-Îles, introduced a bill on the mandatory labelling of GMOs. Yesterday, Mr. Perron's bill was rejected by a vote in the House.

Since the standard on voluntary labelling of the GMOs was put in place, consumers are hardly more informed than they were before the standard was introduced.

Don't you think a standard should be mandatory rather than voluntary if the goal is to better inform consumers?

Mr. Paul Mayers: Thank you.

I will answer in English.

Mrs. Ève-Mary Thäi Thi Lac: That is no problem at all.

Mr. Paul Mayers: I am not very familiar with French terminology.

[English]

The issue of addressing the right to information is important. However, in the context of the example, the position of greatest relevance has been that of addressing issues of health and safety; and an issue of health and safety, as it relates to genetically modified products and the mandatory obligation, could be addressed through labelling. Clearly, if there is a risk related to the product, then that product should not be in the marketplace. However, there are some issues relevant to health for certain sectors of the population that can be communicated quite effectively through labelling. Where such a product would be presented, that information would be required on a mandatory basis.

The ability to provide further information regarding the process by which the product was developed is currently provided for through work undertaken in collaboration with the Canadian General Standards Board in order to provide a standard for the voluntary labelling of products derived from, or not derived from, the techniques of genetic modification or genetic engineering.

It might be useful for me to turn to Carla Barry, who can provide a little more insight in regard to the application of that voluntary standard versus the mandatory requirements as related to health and safety.

Ms. Carla Barry (Acting Director, Consumer Protection, Canadian Food Inspection Agency): Thank you, Mr. Mayers.

[Translation]

Mrs. Ève-Mary Thaï Thi Lac: I have another question. Perhaps you can answer both questions at the same time. I wanted to know what authority your organizations have to enforce the guidelines relating to the truthfulness of the information provided.

Mr. Mayers, you said compliance is important. What powers do your organizations have in terms of compliance?

[English]

Ms. Carla Barry: Under the CFIA Act, CFIA has responsibility for enforcement of the Food and Drugs Act. In the Food and Drugs Act, subsection 5.(1) prohibits false and misleading labelling and advertising. We also have responsibilities for setting standards, both under the Food and Drugs Act and the Consumer Packaging and Labelling Act, for matters not related to health and safety. We also enforce both of these acts for the purposes of food.

As for our enforcement capability, the Canadian Food Inspection Agency, as already indicated by Mr. Mayers, has an enforcement program for verifying that industry complies with the general prohibitions against false and misleading labelling and advertising.

These resources are identified through a risk prioritization. This covers risk to the consumers: first, for health and safety, which can also be mitigated through labelling; and second, for protection of the consumer against fraud.

Any labelling presented on a package or in advertising must be accurate and truthful. Every year the Canadian Food Inspection Agency goes through a process in which priorities are identified. We also respond to complaints. Complaints and investigations—those we are committed to following up—are our number-one priority.

Then we proceed, based on risk and available resources, to follow up on the identified projects, which go through on a rotational basis, depending on the issues present. For example, it could be in relation to labelling, mandatory information such as nutrition labelling, information related to allergenicity, or information related to methods of production.

In the case of genetic engineering—

• (0925)

[Translation]

Mrs. Ève-Mary Thaï Thi Lac: I have one last question. You said you respond to complaints. How many complaints do you receive each year and what are the main issues the majority of them deal with?

[English]

Ms. Carla Barry: I don't have exact data on the number of complaints. The agency doesn't track complaints specifically. We have some that are tracked under different databases, because complaints with respect to labelling affect all food programs. It's difficult to pull all the complaints together.

In the consumer protection division, a number of complaints have to do with, for example, nutrition labelling. Since last August, we've had several complaints with respect to "Product of Canada", whereas in past years we had very few complaints of that kind.

There are other complaints with respect to different kinds of misleading labelling and advertising. We don't track those specifically; however, in our prioritization the complaints can be ranked based on mandatory information—whether the labels are bilingual; whether all the mandatory information is present, such as name and address of the principal dealer; whether there are common name issues; whether there are complaints related to method of production, such as organic; and whether there are complaints in relation to authenticity of a particular food.

The Chair: Your time has expired.

Mr. Storseth.

Mr. Brian Storseth (Westlock—St. Paul, CPC): Thank you very much, Mr. Chair, and I'd like to thank the witnesses for coming forward today.

I think it's pertinent that we begin this conversation, as Mr. Steckle did, by saying that the safety of our food supply is not in question here. Safety is not an issue that we're debating here. It is mostly whether or not this "Product of Canada" labelling is misleading, whether it should be 51% cost, whether we should move up the content. The CFA has put a proposal forward that we put a whole new line of labelling in place, which some people around the table would like to see.

When we're looking at this I think it's important that we first establish what the problem is. I think the second thing we need to do is recognize that part of that problem is that consumers are bombarded by so many different labels and things trying to grab their attention when they walk into any store, never mind the grocery store. The more labels we force people to put in place, the more confusing it is for consumers. That's my point of view, and it's what many witnesses have said before us in the last few weeks.

It's important that we talk about truth in advertising. That's absolutely correct. We need to make sure that the labels that are out there are truthful. There's a lot of concern with 51% cost in the "Product of Canada" label.

That's something that we can definitely address. Whether it's cost or content, and whether it's 51% or 80%, I believe that can all be addressed through the guidelines, can it not—and relatively quickly?

● (0930)

Mr. Paul Mayers: It can, and it is on a guideline basis, so that means that the ability to make those adjustments is relatively rapid and the consultative process is intended to support.

Mr. Brian Storseth: That's because right now it is a voluntary process, correct? You don't have to put "Product of Canada" on your product unless you deem that it's going to enhance the sale of your product, which it should, as people trust the Canadian symbol.

Is there anything to stop a group or an organization from developing a "Grown in Canada" label and using it, as long as it's truthful in advertising and follows all the same rules that we have under the guidelines and regulations right now? Is there anything stopping an organization from developing that and putting it on there?

Mr. Paul Mayers: Again, the issue would be, as you've noted, that it be truthful and accurate. In order to provide for a level playing field there may be a need for some guidance, but there is no barrier to such a claim.

Mr. Brian Storseth: I want to just deviate for one second. Let's go down the road of trying to change the regulations on this. How long do you think it would take? I understand you don't have the exact times, but would it be days, months, years to change the regulations on these things?

Mr. Paul Mayers: The regulatory process would follow the current rules in terms of regulation established by the Treasury Board, and that set of rules would involve consultation and publication in *Canada Gazette*, part I, with a prescribed consultation period followed by consideration of that input. So the process can happen—

Mr. Brian Storseth: This doesn't sound like a fast process if we want to change the regulations.

Mr. Paul Mayers: It's not an instant process, absolutely.

Mr. Brian Storseth: Well, then let's get away from that, because people want to change right now.

Mr. Easter has finally seen the light after 13 years and he'd like to get something done before he leaves here. So let's see if we can get something done on the other side of this.

So it's the guidelines that we have to address. Let's look at the enforcement aspect of this. Your organization looks after some of the enforcement. It's your inspectors who would go out and look into some of these complaints, as we've seen—Mr. Easter brought a whole bunch of things that were improperly labelled to this committee.

So when you receive a complaint like that you would send an inspector out and he would look into it and make sure that all the guidelines and regulations were being followed.

Mr. Paul Mayers: That's correct. We would follow up on that complaint with an investigation.

Mr. Brian Storseth: Out of curiosity, how many inspectors do you have?

Mr. Paul Mayers: I don't know the number off the top of my head. I'm looking at my colleagues as to whether they do.

The total agency staff complement is under 6,000, but of course not all of those are inspectors.

Mr. Brian Storseth: Wow. So you have the resources, then, to look after a lot of this.

This reminds me of the days when I was in municipal council. We had all these bylaws on the books, but we didn't have a bylaw officer to enforce them. If you don't have people enforcing them, then it doesn't matter how many laws you have in place, you're not going to have any enforcement. You're not necessarily going to have anybody following those laws.

You have the enforcement capability; you have the organization in place; you have the regulations in place. I'm reading one of the CBC stories on this, "'Product of Canada' labels misleading, consumer group says", and we've heard that from many people here. It seems to me what we need to do is tighten up the guidelines on this so that it's easier for you to enforce. We need to work within the labelling of products that we have so that the consumer groups we have can actually understand the labels that are out there, and that the labels are not necessarily more truthful, because I believe they're truthful under the guidelines right now, but they're more to the expectations of Canadians when they go to the grocery store to buy that product. As I said, some of the members on the other side might be able to afford it, but I can't afford to bring my lawyer with me to the grocery store every time to make sure that everything is in place.

I think what we need to do, and what we've heard from many witnesses here, is to bring the guidelines up on the "Product of Canada" labelling that we currently have, so that it represents what Canadians themselves would believe in. I guess that's more a statement than a question, but I believe from my conversation with you today that it would be the simplest and quickest way to execute this as well.

● (0935)

Mr. Paul Mayers: That's certainly the aim in terms of the review, to determine if that is indeed the intent that exists so that we can adjust policy in line with expectation and intent.

Mr. Brian Storseth: Thank you very much.

The Chair: Thank you.

Mr. Atamanenko.

Mr. Alex Atamanenko (British Columbia Southern Interior, NDP): Thank you very much for taking the time to be here.

I'm just going to ask some questions, and hopefully we'll have enough time for the answers.

I'm still not clear. We have three organizations, three departments, represented here. I'd like a very quick answer as to what the different roles are, because I'm still not quite sure where the department, the CFIA, and the Competition Bureau fit in when we're dealing with this. So I'd like that clarification.

Secondly, if you had a wish list, would a staffing increase be one of the items you would wish for? If so, by how much, percentage-wise? The implication is whether you feel that you have enough staff to do the job that's required. And just to follow up on what Brian said, do we have enough inspectors?

One reason I'm asking that—and you've been following the transcripts—is that the other day we had an almost black-and-white difference between how FDA reacted and how CFIA reacted in regard to time in dealing with labels. It seemed that the gentleman who appeared before us was able to get a very quick response from the Americans with their computers, whereas in Canada it took letters, there had to be a hard copy, and so on.

So do we have enough people? If so, is the system as efficient as it could be? Obviously that has implications on how we function.

Lastly, do you have a timeline or directive to act? We're going to be hammering out the report next week. We will be recommending it, obviously, as we do, to the minister. Is this something that's going to be taken and looked at, and what's your timeline to start implementing something?

I think we have time for answers to those questions.

Mr. Richard Taylor: Let me be very, very clear. The Competition Bureau does not do food. There's specific legislation that takes over from ours. We do non-food items. We also don't do drugs, because there's specific legislation dealing with labelling for drugs. I think it's very important.

We have a wealth of experience in non-food, non-drug items, such as bicycles. We've had 30 years of having to deal with the issue. It's not quite the same; it doesn't involve food. But we're more than happy to assist the CFIA in any way we can in their consultations and meetings to deal with this issue.

Mr. Alex Atamanenko: So CFIA is the main agency?

Mr. Richard Taylor: For food.

Mr. Alex Atamanenko: Okay.

Mr. Paul Mayers: In terms of the question on role, that's correct. The Canadian Food Inspection Agency has both the responsibility for establishing standards for non-health-and-safety-related issues for food labelling as well as the compliance and enforcement of both the non-health and health-and-safety-related issues related to food labelling.

I'll turn to my colleague from the department regarding role.

• (0940)

Mr. Blair Coomber: Thank you.

As Mr. Mayers said, largely the policy and the enforcement is with the Food Inspection Agency. But the department looks at "Product of Canada" from a number of perspectives. One certainly is trade considerations and fulfilling our trade obligations and ensuring we comply with them. Also, there's market promotion and how it ties into things such as Brand Canada and promotional activities the department undertakes in its support to the industry as it does market promotion. We also take a look some of the economic considerations around labelling and other issues like that. Also we do some consumer research on a variety of things, labelling being one of them.

In general, we're looking at a variety of issues and how the policy may impact the agricultural sector.

Mr. Alex Atamanenko: Do we have enough staff to do this?

Mr. Paul Mayers: On the issue of resources, the short answer is it's always possible to do more with more resources. The question, though, also goes to efficiency and effectiveness. From a Canadian Food Inspection Agency perspective, irrespective of the amount of resources available, we will always still have to address these issues in the context of priorities. Human health and safety will still always come first. We will always also have to be cognizant of our responsibilities in relation to protecting Canada's animal and plant resource bases, as part of our consideration of the overall application of the agency's resources.

As Ms. Barry mentioned, our approach currently to enforcement related to this type of labelling is more responsive than it is proactive. It is certainly possible to envision a system with additional resources that would increase proactivity. But I am not going to suggest that resources are the issue in terms of our ability to enforce the requirements, though additional resources would allow us to take a more proactive approach to their resolution.

You asked a question regarding timeliness. I'm going to ask my colleague to speak to the issue of label approvals, because the timeliness question you asked related to approving labels between Canada and the United States.

Ms. Debra Bryanton: In general, the Canadian Food Inspection Agency does not register or approve labels. We respond to requests from industry and consumers on what labelling requirements are, which are reflected on those labels.

We do, however, under our trade and commerce legislation, have two scenarios within which there is mandatory label registration. It was put in place at the request of industry. It's in place for meat and poultry products for both domestic and imported products, and for domestic processed fruit and vegetables. There is a label registration unit that reviews the labels that are submitted as a result of that industry-requested regulation. It is subject to cost recovery, and the cost recovery reflects the services that are provided to that particular sector.

Many of the hold-ups that relate to a label registration relate to issues that need to be corrected on a label. Quite often, a party submitting a label may not agree with some of the changes that need to be made. I think it's been pointed out earlier that label space is very valuable. It's used for marketing purposes as well as for the core labelling requirements that are in place. We need to verify that those core labelling requirements are indeed on the label correctly and then verify that the additional information on the label remains truthful and not misleading.

Quite often hold-ups on label review relate to that type of back-and-forth between the submitter of the label and the assessors.

Mr. Alex Atamanenko: Thank you.

The Chair: Your time has expired.

I want to follow up on one of the comments Mr. Atamanenko made about our timeline and what we're looking at. For the committee's knowledge, on May 13 we're supposed to be doing draft consideration of the report. We can't have it ready in that time and have it translated, so on May 13 we're going to have Ian White here from the Canadian Wheat Board for one hour. Then we'll have a briefing on KBD in the second hour with the Wheat Board and the Canadian Grain Commission. Then with the cancellation of our travel, we're going to do committee work on the draft report on May 27 and 29. That's the way it's worked out.

With that, to kick off the five-minute rounds it's Mr. Easter.

● (0945)

Hon. Wayne Easter (Malpeque, Lib.): Thank you, Mr. Chair.

I might say in the beginning, Mr. Mayers, that resources, financial and human, wouldn't be quite as much a problem if these folks hadn't blown \$12 billion annually on their GST cut. It would be nice to have that money to invest in national priorities.

In any event, I want to thank you for coming. We had a very interesting hearing with, I think, a great slate of witnesses.

As others have said, many products are brought before this committee. The labelling is confusing at best. I think it's fair to say under the labelling "Product of Canada", and you folks have mentioned it, that we continue to use for food labelling a definition that was designed for industrial products.

I believe, Debra, you said at the first hearing we held:

A product can currently be indicated as a product of Canada although the food ingredient in the product may not have been grown in Canada. That's under our current policy.

A number of you talked about your responsibility to ensure that product labelling is not false and misleading. The problem we have with this definition is that the definition in and of itself is false and misleading for food. When it says "Product of Canada", one assumes it is defining what is in the package. The key for us is how to get to truth in labelling so that when people look at a grocery product they know they're dealing with the content.

There are three points. One, we're trying to get to truth in labelling so that consumers know what they're buying in terms of content; two, hopefully that will sway some consumers to buy more Canadian product; three, we want to ensure that our producers are not put at a

disadvantage by a regulatory system in the process. What we need is your advice on how to get there.

The former head of the CFIA the other day suggested that the easiest way to do it, bar none, is just to increase the 51% to whatever. That still leaves us with the problem of not actually dealing with content, though you might have more content in it if you did it that way.

That's one approach. A second, concerning Brian's question, is to take the more extensive process of gazetting and changing the definition of content itself somehow. That's a long and rigorous process.

Could we do both? What would be the implications and the cost of doing this? Could we, one, ask the executive council to increase the 51% immediately to 80% or 85%—whatever the committee decides—and two, start the process to actually get the content? Then we'd be doing something quickly, which, I'll even admit, the government wants to do.

What would be the implications of that? What would be the cost? Or is it at all possible, from your experience?

Mr. Paul Mayers: You have gone to the heart of the policy review, and certainly the work of this committee will be valuable in that regard.

As we work through this process, can we make adjustments in terms of the policy as it relates to "Product of Canada"? Clearly that is possible, as it is in terms of the regulatory component. Again, it is possible in terms of the implications. We are seeking a balance among addressing consumer interest, ensuring that a level playing field exists, taking into account the producers' interests, and not putting the processing sector in Canada at a disadvantage in terms of the application of those rules as we go forward.

We believe that it is indeed possible. We believe that in that process, the policy change can happen relatively rapidly. Regulatory change would take more time.

In terms of the cost implications of those, most of the cost relates to implementation. The cost to move through the regulatory process is of course slightly higher, because it's more involved than making a policy change alone. But ultimately the real cost relates to the cost of implementation, and that cost of implementation will not be significantly different from a regulatory versus a policy perspective, because ultimately the issue will be the effective enforcement of the outcome, whether that be regulatory or policy.

Regarding the specifics, I'm going to turn to my colleague to add to what I've said regarding the application of our regulatory authorities in terms of both implementing policy and regulation.

● (0950)

Ms. Debra Bryanton: As has been indicated earlier, we do actively enforce the Consumer Packaging and Labelling Act and regulations on the basis of guidelines, so continuing to do that in this scenario is indeed possible. As Mr. Mayers has pointed out, it is also possible to move ahead with the regulatory framework associated with consumer protection issues under the Consumer Packaging and Labelling Act as well as under the Food and Drugs Act and regulations.

When we use guidelines, even though it's not a regulatory process, we still follow sound regulatory policy when we look at changing guidelines. That includes assessing whether it is indeed responding to the objective that has been identified and what the impacts will be. So we still evaluate what the impacts would be on industry, taking into account our trade obligations and the other aspects that we take into account when we do a regulatory amendment.

As with any change, there can be some additional costs for industry as they change formulations or change labelling to respond to a new labelling policy. With regard to additional costs for CFIA to enforce, there are current guidelines that we enforce. Changing those guidelines is not likely to add additional enforcement costs. What it does is change the priority, because when we introduce a new requirement, that increases the priority of our enforcement of that particular provision. With any new requirement, whether that be through the guidelines or through regulation, communication is absolutely key. Communicating those new requirements is a very core provision with any amendment.

The Chair: Thank you.

Ms. Skelton.

Hon. Carol Skelton (Saskatoon—Rosetown—Biggar, CPC): Thank you very much for being here this morning.

It has been very interesting to look at all these aspects of food labelling. As someone who has done a lot of reading of labels because of allergies in our family, I've become quite intrigued with the whole situation.

Mr. Taylor, the Competition Bureau guidelines were set roughly three decades ago. We've heard that they've hurt Canadian consumers in some ways. Would you be willing to have these guidelines turned into regulations, and do you think that would help you or hinder you?

Mr. Richard Taylor: Mr. Chair, I'm not quite sure I quite understand how they've hurt Canadians in the sense of food versus non-food. I have said very clearly that if we're dealing with food, we don't do that. If we're dealing with what we call non-food items, we do that. I think it's important to look at who is being harmed, what the problem is, and who has the remedy. The Competition Bureau takes this misleading advertising and makes sure consumers are informed at all times so that they can make good choices on purchasing. We take that very seriously.

We get 25,000 complaints a year, and it's the largest part of our business. About a third of our operation is devoted to misleading advertising; we have multiple cases and multiple convictions. We can go criminally and we can go civilly, so if you have an issue outside of food, please let us know what that issue is, and we'll address it. If it's relating to food, I would urge you to deal with the Canadian Food Inspection Agency.

• (0955)

Hon. Carol Skelton: Okay. Thank you. It was just a comment that was made during testimony from one of our people who was testifying.

With regard to the Canadian Food Inspection Agency, Bill C-51 is before the House right now. When you look at that bill and look at what it's doing, it's going to have effects on labelling, I'm assuming,

because in one area it says, "...regarding its character, value, quantity, composition, merit, safety or origin".

If we apply that to what we're dealing with nowadays, and we have a jar of pickles, for example, that is imported from China or India, it can be labelled "Product of Canada" with the 51% rule. Does the word "origin", if it goes through, apply to the finished product, namely the pickles, or to the imported ingredients, the cucumbers? That's another thing.

Are you watching Bill C-51? Can you talk to us about that?

Mr. Paul Mayers: Thank you.

We're absolutely paying very close attention to this. It doesn't address "Product of Canada" explicitly, but the issue you have noted as it relates to the word "origin" really creates consistency with the Consumer Packaging and Labelling Act, which already includes that reference to "origin".

I'm going to turn to my colleague, Ms. Barry, to perhaps elaborate in terms of how that issue of "origin" in the Consumer Packaging and Labelling Act has already been included in our considerations.

Ms. Carla Barry: Thank you.

Section 7 of the Consumer Packaging and Labelling Act has the general prohibition against false and misleading labelling advertising, but further on in that particular section what is misleading is also described. Several words in there are used to clarify what the intent of "misleading" applies to, and "origin" is one of those.

With regard to Bill C-51, it was felt that it was important that the two false and misleading prohibitions be the same in both pieces of legislation, as the CFIA is responsible for the administration in relation to non-health and safety for both pieces of legislation with respect to food.

Hon. Carol Skelton: Good. Thank you. I appreciate that.

The Chair: Your time is pretty much up. Thank you.

Go ahead, Madame Thi Lac.

[*Translation*]

Mrs. Ève-Mary Thāi Thi Lac: You earlier spoke at length of product markings. Wouldn't it be simpler to subdivide these identifications so as to create the categories "Grown in Canada" and "Processed in Canada"? This would better reflect the present situation. By doing so, things would be clear for consumers and there would be no disadvantage for producers and processors. Can you comment on this?

[*English*]

Mr. Paul Mayers: Thank you very much.

Again, you have offered a possible way forward that we would certainly be pleased to take into account in the policy review. Certainly it is our expectation that the ultimate outcome here is going to reflect the interests of all the stakeholders, and the approach you have proposed, like many others, is certainly possible in this context. I am not yet at a point where I can indicate what the Canadian Food Inspection Agency's perspective on the various mechanisms by which we might improve the current policy would be, but certainly what you have highlighted is another very reasonable consideration for us to take.

• (1000)

[Translation]

Mrs. Ève-Mary Thaï Thi Lac: There is something else I would like to know. I am originally from Vietnam and I can assure you I am not taking my lawyer along when I go shopping. I sometimes buy products imported from my old country. However my first concern is to read the label to make sure the information in French meets the requirements of Bill 101. This is important to me. I guess someone else would not want to buy food imported from my country of origin if it is only labelled in Vietnamese since they would not be able to read the information.

I am trying to compare this to the situation of someone who buys a product with information that may not be truthful...

I cannot agree with Mr. Storseth when he says you have to take your lawyer along. Presently, I can easily determine the origin of things I buy. I find it easy to identify these products.

How long would it take to implement new standards? If we were to adopt new standards tomorrow morning, what would be a reasonable timeline for your organizations to implement them?

[English]

Mr. Paul Mayers: Two things are important in that regard. One of those is that we provide sufficient time for those who have an interest—the public, industry, consumer groups, industry associations—to express their views so they can be taken into account. So consultation and communication, as my colleague has noted, will have to be an important part so we have the benefit of those views.

Once on the basis of that input we are in a position to then advance a change in terms of policy, then it will also be important to provide sufficient time in terms of implementation for the industry to adjust. As you can imagine, processors will have a stock of labels they are currently using. There will be product on the shelf, which will have to be permitted sufficient time to exit the market as new labels come into use. So there will need to be consideration of what is an appropriate time to allow for effective implementation in a manner that doesn't disrupt the industry unnecessarily.

I certainly can't tell you what the perfect time is in that regard. We will be listening with interest to the industry in terms of what time they believe they will need to make adjustments, while still keeping very much in our thoughts the very strong interest that exists in moving to review and make adjustments to policy on the basis of what we hear through the consultative process. So I can't give you an absolute time, but I can be clear that the time will be determined by effective consultation and an effective period of implementation that will allow the orderly adjustment to any change in policy.

The Chair: Thank you. Time has expired.

Mr. Miller.

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

Thank you to our witnesses here today.

There was a bit of discussion about resources, Mr. Mayers. I want to make it clear to you that if Mr. Easter had that \$12 billion, I can guarantee you wouldn't be getting any of it. He'd be using it to go and take our babies and put in institutions or something.

On the fact about having resources and what have you, you can have all the resources in the world, if the will isn't there to make the changes necessary.... And I think that's a true statement.

One thing has been made very clear to me and this committee, I believe, over the days: using any part of the package as part of determining “Product of Canada” is no longer acceptable. I think that's definitely where we start. Where we come up with a percentage, whether it's 51% or whatever, anything and everything has to be part of it, without considering the packaging.

Ms. Bryanton, you made a comment there; you said “We look for truth in labelling”. You said also that it must not be misleading.

I've used an example here before. I drink grapefruit juice all the time. I've yet to find where grapefruit are grown in Canada, but I can tell you that the jug of grapefruit juice I buy says “Product of Canada” on it. That is misleading, right off the bat, because as Mr. Easter said, when people see something like that they take it that the product, not the packaging, came from Canada. How could you ever justify defending that as being a “Product of Canada”?

• (1005)

Ms. Debra Bryanton: The guidance that is included in the *Guide to Food Labelling and Advertising* is subject to consultation. Whenever we do propose amendments to the guide, there is a consultation process, so we have a transparent process, and the guide is published and available on our website.

As has been noted earlier, what we enforce at present is the current “Product of Canada” and “Made in Canada” policy. When it comes to issues such as something being a “Product of Canada” versus the ingredient being grown in Canada, that's not necessarily what is being addressed in the current policy.

If these are some of the parameters in which consumers have an interest at this point in time, these are considerations that can be fully taken into account in a review of the policy. But, as has been noted, that policy was developed quite some time ago, and important considerations were taken into account at that time. Some of those considerations may have changed.

Mr. Larry Miller: Thank you—and I think that definitely does need to be taken into consideration. I think there's a movement out there, or definitely an impression, I'll say, that anything that isn't grown in Canada, or that can't be grown in Canada.... You can use the example of grapefruits, as I did, or olives, or oranges; I think it's pretty hard to put “Product of Canada” on those.

There's also a debate out there about "Processed in Canada" or whatever. For the sake of keeping it simple, which I think we have to do.... If we have two or three terms.... I'm not sure that would work either, but we certainly need a definition that is clear to the person in the grocery store that it is truly a product of Canada.

One other thing: you said it's up to CFIA to interpret some of the regulations. Frankly, that scares the hell out of me. It should be clear and not up to interpretation.

Mr. Taylor, on the Competition Bureau, we had a gentleman here at a recent meeting who had some examples for us. He was a grocery store owner but also had a company where they exported and also imported food products from Canada into the United States, and maybe also abroad. He gave the example here of a can of jam. He's having a heck of a time getting, and still hasn't gotten, approval from CFIA on the label for it, but he can ship that product—the way that he proposes—into the States and bring it right back here the next day, no problem.

First of all, obviously that's not right. That shouldn't be happening. But I would suggest that you guys....

You say, well, you're not responsible for food products. But I don't care what product it is; in my opinion, if you're the Competition Bureau, it should be anything that affects competition. And this does affect it, because it's almost in reverse. You're basically restricting Canadian people—Canadian businessmen, producers, whoever—from competing against imported products. So I think you're shirking your duty there.

It also brings the question of relevancy. I think you need to be looking at that kind of thing. Take the monopoly on grocery stores today by the large grocery chains. We've heard from witnesses at this committee—not to deal with this issue but with other issues in the past year—that there's a monopoly out there and it's a problem. Basically it restricts small businessmen and independent grocers from being in business.

So I think you need a review of your overall mandate in order to cover a little bit more—not just complaints about labels and what have you. I'm not suggesting that this isn't important, but I think you need to look at all of that.

● (1010)

Mr. Richard Taylor: If I may, I would make three very important points.

The first point is that if the CFIA would like our views on how to promote competition and promote more competition, we'd certainly be happy to provide them. We spend a huge amount of our resources advocating—

Mr. Larry Miller: Did you say "if" CFIA would like your advice?

Mr. Richard Taylor: If they would like our advice—

Mr. Larry Miller: I don't think it should be a question of that, sir. It should be that you're there to do your job, not if they want you there.

Mr. Richard Taylor: Well, I appreciate that support for the Competition Bureau.

Secondly, on the grocery stores, in fact we have some very significant changes taking place in the grocery market that we've tracked very closely. Some of the food producers are now starting to complain to us because companies like Wal-Mart, which have added every single additional square foot of grocery space in Canada in the last year, and chain drugstores like Lawtons, Shoppers, and Jean Coutu are into the food business. In fact, from where we were five years ago, where Loblaws, or basically three grocery chains, dominated the market, we're having a real increase in competition.

We think that is very healthy, but they have to play by the rules. If they get too big and if they start abusing that dominance, then they're going to have to....

The Chair: Mr. Miller, your time has expired, unfortunately. I know you could have gone on for ten minutes, but I'm not going to let you, unfortunately.

Mr. Boshcoff.

Mr. Ken Boshcoff (Thunder Bay—Rainy River, Lib.): Thank you very much, Mr. Chairman.

Over the past ten months a new entrepreneur has been trying to get a label approved. He had the label approved in the United States within a month and he used as a model some of the major brands existing in Canada. When he essentially used their grammar, their French, his own ideas of course, and his own design, the turnaround time was about 40 days per issue. Nothing could be done electronically, nothing could be done over the telephone, everything had to be done by snail mail and at enormous cost.

Now that we've had read into the record that the Kraft labels and some of these other major brands are using poor French and incorrect English and are not to standard, the same way this small new entrepreneur's labels are, will the CFIA pull those Kraft jams off the shelves until the labels are grammatically correct?

Second, what is the problem with getting a harmonized label that can be used both in the United States and in Canada? We had the label presented to us here in committee, and among the members it was a very difficult process to find out what the differences would be, and yet a harmonized label is not acceptable to the CFIA.

I don't know if the third question has to do with the problems in turnaround time he's experiencing, but one of the witnesses who came here mentioned he was quite concerned about the decrease in financial resources for the CFIA in the estimates for 2008-09. Will that decrease in financial resources be a problem for enforcement?

● (1015)

Mr. Paul Mayers: Thank you very much.

I will start with the second part of the question, on the issue of harmonization.

We strive for harmonization wherever that's possible, given the significant integration in the North American market. We work very closely with our colleagues to the south. However, we do recognize that there are differences in certain cases.

In this case, an important difference that we have to take into account is in relation to the mandatory nutrition facts tables. The United States has a set of rules related to their nutritional facts tables, and in Canada our colleagues at Health Canada have established a standard related to the nutrition facts table that does include differences. Now, the nutrition facts table in Canada came into force after the one in the U.S., so they had the opportunity to take into account some more recent science, etc. But they are different.

So from a Canadian Food Inspection Agency perspective, our responsibility as it relates to the Food and Drugs Act and its regulations is to enforce those. We do not have the flexibility, therefore, to accept a nutrition facts table that is different from that required by the regulations here in Canada.

I can certainly appreciate the interest that a particular processor might have in having a single label in both jurisdictions, but those differences do limit our ability to accept that as an outcome. Now, is it possible to change regulations? We would have to raise that issue with our colleagues at Health Canada as it relates to those types of requirements. As you are aware, regulations can be amended, so that interest in harmonization could be brought to the attention of our colleagues at Health Canada.

In terms of the first part of the question, I think you can see why I started with the second part, because it highlights some of the challenge that we often face in terms of label review. In terms of the back and forth, as my colleague mentioned, that often happens in that process, and it adds tremendous time in the process, we recognize, between the limitations we have in terms of our decision-making and what a particular applicant wants in terms of their outcome.

As it relates to moving forward, harmonization is indeed a very relevant and appropriate goal. As I mentioned, we would certainly be prepared to raise this issue with our colleagues at Health Canada, but at this point it limits our flexibility.

Mr. Ken Boshcoff: I can't figure why it took so long, and it's still not done.

The Chair: Quickly. Time is almost up.

Mr. Paul Mayers: As I mentioned, the back and forth between what an applicant requests and the boundaries within which we can work do impact that timeframe.

The Chair: Time has expired.

Mr. Lauzon.

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

To clarify Mr. Boshcoff's opening comments about the reduction in funding, I think what he's talking about is the report on the plans and priorities, which of course is preliminary funding. He probably knows, or should know, that since it was released additional resources have been allocated to the CFIA, which includes \$113 million for the food and consumer safety action plan, which I'd like to ask you a question about later, but also the extension of the BSE funding, which includes over \$18 million, and then \$4 million for an ad campaign for food and consumer product, and the security and prosperity partnership of \$835,000.

We did all that, and along with that we reduced the GST by two points. It was interesting to hear.... I'm tempted to ask you folks what you think of Mr. Easter's suggestion that he would raise the GST up the two points and increase the bureaucracy. However, I won't put you on the spot and I won't ask you that.

• (1020)

The Chair: Thank you.

Mr. Guy Lauzon: Thank you very much, Mr. Chair, for that vote of confidence.

Hon. Wayne Easter: Now that you have nearly broke the country.

Mr. Guy Lauzon: Mr. Mayers, you mentioned that in December Prime Minister Harper announced Canada's food and consumer safety action plan, but you didn't say that it was \$113 million. I'd like for you to explain what effect this has on your business.

In addition, can you clearly explain the difference between mandatory and voluntary labelling?

Mr. Paul Mayers: Let me cover the second one quickly. The guidelines within which we operate allow for the use of the claim "Product of Canada". The use of the claim is voluntary, so the manufacturer makes the decision to use the claim. Once they choose to use it, however, the requirements are mandatory, so it is mandatory that they follow the prescribed guidelines.

With respect to the food and consumer safety action plan, we now have the opportunity to augment our capacity to control products imported into Canada. With imports, we don't have the benefit, as we do with domestic production, of being able to follow the product from farm to plate. It augments our capacity to address imported products, while improving our oversight of domestic production. Here I'm referring to products that don't benefit from the significant oversight that we are already able to apply. In meat inspection, for example, significant CFIA resources are already being employed.

Mr. Guy Lauzon: If you can monitor the imports much closer, it would seem that this would help to level the playing field for our local Canadian producers. It would make sure they are not bringing inferior product in to compete against them. Would that be a correct assumption?

Mr. Paul Mayers: All products sold in Canada are subject to the same set of rules, and they all have to meet Canadian standards. However, with the investment available through the action plan, we can augment our oversight of imports. This means that Canadian producers can be confident that imports competing against them are being subjected to a level of scrutiny high enough to ensure that they meet Canadian standards.

Mr. Guy Lauzon: This government did that—and lowered the GST by two points at the same time. I think that's remarkable.

The Chair: Mr. St. Amand.

Mr. Lloyd St. Amand (Brant, Lib.): I'll let that go, Mr. Chair. I'll simply point out that we're now so close to a deficit that we're able to send only \$2 million to Burma, which has suffered the loss of 100,000 people. The next federal election will cost about \$350 million. Is this not to Canada's shame?

In any event, Mr. Mayers, you've said in your presentation that the agency believes it possible to reconcile the viewpoints you have very succinctly encapsulated. And you're currently exploring options to do so.

I'm not asking you to tip your hand to the committee members, but I hope it is possible to reconcile these viewpoints with the competing pressures and options. Along what lines is the agency thinking of reconciling the viewpoints?

• (1025)

Mr. Paul Mayers: We want to formulate a policy that respects the demand of consumers for more clarity and understanding, while equally respecting the legitimate interests of the processors.

Mr. Lloyd St. Amand: I understand the background, but can you help us with the phrasing itself that you're thinking about?

Mr. Paul Mayers: We're not at a point where I can even guess yet at what the perfect outcome will be. Certainly the work of this committee will be an important part of advice in that regard.

Mr. Lloyd St. Amand: If I may, does it not seem a bit out of sync that currently, as I understand the regulations, labelling must be accurate, not deceitful, but it need not be compulsory? Is there not something wrong with that picture?

Mr. Paul Mayers: Many aspects of the label requirements are compulsory. At present, requiring a processor to indicate "Product of Canada" has not been compulsory. As I explained, should they choose to use that claim in association with their product, once they do that, what is compulsory is the guidance.

Mr. Lloyd St. Amand: I understand. And what is compulsory now are the nutritional components.

Mr. Paul Mayers: That's correct.

Mr. Lloyd St. Amand: Mr. Coomber, if we move to something that make identifying the source of the contents obligatory, where does that put us with respect to our international trade obligations and any push-back we would receive from other countries that don't have that compulsory "country of origin" type of labelling?

Mr. Blair Coomber: Sorry, I missed the first part of your question, sir.

Mr. Lloyd St. Amand: I wonder, if we went into a regime in which the labelling of country of origin, etc., became compulsory or obligatory, what push-back would we receive from the WTO or from other countries that haven't yet gone that far?

Mr. Blair Coomber: The first point I would make is that when we're talking about the "Product of Canada" labelling and country of origin, it can get confusing. We're talking about two different things. In the "Product of Canada" labelling we're dealing with policy around the obligations or criteria for domestic processors regarding the content of that product, as Mr. Mayers said, if they choose to use the "Product of Canada" labelling, whereas with "country of origin" labelling, it's a requirement to name what country that product comes from.

By way of illustration, maybe I could use grapefruit. If we imported grapefruit into Canada and they went to a grocery store bin, they would have to be labelled "Product of U.S.A.", "Product of Mexico", "Product of Chile", or wherever they came from. The concentrate coming in that goes into the grapefruit juice wouldn't have to be identified as a "Product of U.S.A.", and that starts to evolve into the issue of how much grapefruit concentrate has to be in there to make up the content of "Product of Canada".

The Chair: Thank you.

I want to follow up on that. We've been going through this whole discussion about "country of origin" labelling coming out of the United States and how it's going to impact Canadian producers here, especially the red meat industry. As we move forward here, as we're making recommendations, as a committee what do we stay away from? What boundaries do we have to stay within so we aren't compromising our legal arguments against "country of origin" labelling in the United States?

Mr. Blair Coomber: I think the difference between what we're doing and what the United States is doing with "country of origin" labelling is that ours is voluntary, whereas they're proposing mandatory "country of origin" labelling requirements. The position of Canada has been that this is unnecessary and that under international trade obligations it's more trade-restrictive than necessary. So generally speaking, when we have voluntary regimes, if they meet the objective, that's preferable from an international trade perspective because it is the least trade-restrictive measure possible. And of course that's a requirement under the WTO.

• (1030)

The Chair: So as long as we stay away from "mandatory", we're good.

When we had Mr. Doering here on Tuesday, one of the comments he made is that we need to make sure we stay away from the unintended consequences of the recommendations that were coming forward. When you start talking about "Product of Canada" and "Made in Canada" as we go into the regulations, it has this ability to impact other industries, not just the food industry.

Again, I want to make sure we're clear that if we move forward in making a recommendation on changing the percentage of content under "Product of Canada", it wouldn't impact other areas if we're talking about the guidelines currently enforced by CFIA. Or do we need to stick within just increasing percentage of cost?

Mr. Paul Mayers: Perhaps my colleagues from the Competition Bureau would like to comment on the non-food aspects and implications. Our focus, as you're well aware, is very much in the context of adjusting the policy as it relates to food, given the interests that have been expressed.

Mr. Larry Bryenton: Just to follow up, from the perspective of the Competition Bureau and our guide related to non-food, certainly we support any direction the CFIA takes with respect to food and making the guideline clearer and more informed for consumers. What we would do is take into consideration in our approach and how we administer our guideline any suggestions or direction they're taking. We would make sure that any consequences that may affect our guideline are properly reflected.

To pick up on Mr. Mayers' point, certainly we would carefully monitor their process and provide our support to make sure that any ancillary developments or changes that may relate to the Competition Bureau's non-food guideline are properly reflected and understood.

The Chair: We've had discussions on country of origin, discussions on "Product of Canada" and content, and discussions about "Made in Canada" maybe being a better term for the stuff. Pickles and olives are good examples. You bring them in and pickle them here, and they become "Product of Canada". Maybe they should be labelled "Made in Canada". Then there's been a suggestion to have a voluntary "Grown in Canada" label, as well. I just want to make sure, as we move forward in making these recommendations, that they can be done relatively quickly through a guideline process rather than through orders in council. That is my understanding. Right?

Mr. Paul Mayers: That's our view. It is possible to do these in a policy context using the guideline.

The Chair: Okay.

One of the other comments that came up on labelling was that if there are going to be changes, there needs to be an educational component, whether it's through advertising or through point-of-sale information. Is it the responsibility of the agency or the Department of Agriculture and Agri-Food or Health Canada—I know we don't have any specialists from there today—to relate what the changes are so that consumers are better informed?

Mr. Paul Mayers: Certainly it would be our view that an important part of going forward would be to communicate that outcome and what it means in order to facilitate consumer understanding and to enable consumers to make decisions on an informed basis.

The Chair: Okay.

Another comment I have is for the Competition Bureau. Mr. Taylor, you said that the Competition Bureau has no responsibility for food, and I appreciate that. But what about food production? We know you've already had complaints, for example, about high input costs in farming, and you've looked at that from the standpoint of the farmer as consumer. We've also had you here before talking about concentration in the meat packing industry, whether it's hogs or beef. Where does the Competition Bureau have a role to play in ensuring that the producers in this country have access to fair competition in the marketplace? When do you actually say that you're not involved any more, because it's food?

Mr. Richard Taylor: We're very concerned, as the market develops and as the farm product prices increase, about anti-competitive effects taking away those gains because of dominant firms abusing their dominance and raising prices for farm inputs, for

instance. Another thing we're very concerned about is those who supply inputs to our farmers getting together to fix prices. We're monitoring that sector very closely. My colleague, Morgan Currie, can tell you a lot more about it.

For instance, we're following the increase in some of the output prices for wheat, canola, barley, in particular, and some of the edible oils. I'll just give you an example. Basically, the Manitoba non-board wheat price in March, per metric tonne, is up 15% from February and is up 64% from March 2007. At the same time, our fertilizer prices have increased 22%. We want to make sure that we know why those fertilizer prices are increasing, so we're doing work in that area. The reason we do that is to make sure they're not being artificially manipulated in an anti-competitive fashion.

I think you expressed concern before about the red meat industry, which isn't quite doing as well as some of the other components of the agriculture industry. I think I was here on April 3, and I think you expressed that concern. We went out and had Kevin Grier, a leading agricultural economist from the George Morris Centre, prepare us a little overview of what's happening in the red meat sector. Again, we want to make sure that the industry is not being affected, particularly the calf-cow operators, by monopolistic practices or price-fixing. We could certainly share that report. It's very complicated what's going on in that industry. In the food value chain of eight levels, it's very complicated. But we would certainly be willing to answer any questions you have on that or provide the committee with a copy of what I think is an excellent report.

• (1035)

The Chair: Definitely we want to see the report. If you could give it to the clerk so we can circulate it, we would greatly appreciate that.

Does the Bloc have any further questions?

[*Translation*]

Mrs. Ève-Mary Thāi Thi Lac: No, that is all.

[*English*]

The Chair: Alex.

Mr. Alex Atamanenko: I was trying to think of an insulting political remark, but I know my colleagues are so sensitive that I might hurt their feelings, so I'll just move on to the question. I'd appreciate a real quick answer, because Larry has a train of thought, and I'd like him to follow up if possible.

Mr. Mayers, I believe you mentioned that once this is over, there will be a consultation process, and if anything new happens.... We have spent a lot of time consulting, and we've talked to a lot of people. Is it not redundant, if we give a recommendation, to then start another consultation process? I don't know how that works. Who then would you be consulting? Is this not enough information to get on with the job? I'll like a real quick answer, please.

Mr. Paul Mayers: It's certainly our view that the work of this committee is going to be very valuable in the process. As you know, we had initiated a review process, so it will feed into that process and be taken into account in that process. If there are good ideas out there, we don't want to close the door to getting them in our overall consideration. But we continue to be committed to working quickly, so we don't envision that consultative process will necessarily add an inordinate amount of additional time.

Mr. Alex Atamanenko: Thank you.

Mr. Larry Miller: Thanks, Alex, for sharing the rest of your time.

I'm just going back to Mr. St. Amand's comments, and Lloyd, I think truly that you and I and the committee want to get to the same place. The reason I bring this up is that I'm not hung up—and I don't think we should get hung up—on mandatory versus voluntary. The reason I say that is that any Canadian producer, whether it's at the farm level or at the manufacturing level, is going to be at an advantage, at least for their domestic market, if they put "Product of Canada" on there when it is a product of Canada. So I don't think anybody will miss the boat. I would be surprised if they did.

The thing I think we need to be concerned about—and "we" means this committee, CFIA, Competition Bureau, everybody—is that there isn't something misleading there, when it is not truly a product of Canada. So I think that's the issue we have to go to.

Where I was leading on my question before, Mr. Taylor.... And I don't want you to take any of this personally. I may not be happy with some of the things in the Competition Bureau, but you're just the guy who's here, so it's that old shoot-the-messenger issue. I kind of chuckled earlier; I was glad to hear you tell us you weren't on drugs. That's good.

Mr. Richard Taylor: I think I said "We don't do drugs".

Mr. Larry Miller: Yes, "don't do drugs"; that's right.

Where I was leading with my next question is that there's an example in grocery stores, and the one I'm going to use is—I don't like using names—Loblaws. They can say to Coca-Cola and Pepsi-Cola, the two big cola producers, "We want you to put product on our shelf; you want to put product on our shelf, but it's going to cost you half a million dollars to do that." I know what my feelings are on it, but I just want a yes-or-no answer, not whether it's legal or not. Do you think that's right? Just say yes or no.

• (1040)

Mr. Richard Taylor: Depending on the impact on competition, it could be very illegal, and it can be totally legal. I just can't say any more.

Mr. Larry Miller: I don't want the legal part of it. Do you think it's right?

Mr. Richard Taylor: It's not up to me. With 25 years at the Competition Bureau—

Mr. Larry Miller: Okay, then I'll carry on.

Mr. Richard Taylor: —I've learned not to stick my nose in things that I shouldn't.

Mr. Larry Miller: If you're not going to answer that, then that's fine.

The problem I have with it is this. Loblaws—and I'm only using them as one of the three—don't take that half a million dollars and share it with all the stores they supply, including independents, which probably isn't right. Whether it's legal or illegal is another question. They don't do that.

That half a million dollars goes toward driving up the price of that product, at the end of the day. It has to. Coca-Cola or Pepsi can't absorb that without passing it on.

Number one, our job, whether it's CFIA or the Competition Bureau.... We're not protecting the consumer there at all from a reasonable price—it affects that. The thing that bothers me even more is that it takes away from a small producer in Charlottetown or somebody in Penticton, B.C., starting up a company to compete against them. Right off the bat, they're eliminated before they start. This really bothers me.

I can give you examples of where these same large grocery monopolies, which is what they are today, will eliminate suppliers of products—for example, companies that will supply fresh salads and what have you. I had a good example in my own riding of a twenty-some-year-old business. They systematically bankrupted the guy. Again, is it illegal? Not likely, but it's as close to legalized extortion as you're going to get, which is along the lines of these guys having to pay.

It's a problem out there. There's really not a question in it. I seriously think you have to be looking at this. It's a problem. At the end of the day, it's affecting the consumer by higher food prices, and it's eliminating a lot of small business, and basically eliminating some of our Canadian produce suppliers—not just produce, but any product.

I'm going to end with that, Mr. Chairman.

The Chair: Any comments?

Mr. Richard Taylor: I share the concerns. We are very concerned about the sector. We receive complaints on it, and we are monitoring the situation, as well as making sure our markets remain fully competitive so Canadian consumers get the best product choices, the best prices, and are well served.

The Chair: Thank you.

I think we've had a really good round.

Do you have a question?

Hon. Wayne Easter: Yes. I will spin off your question to the CFIA, Mr. Chair.

In terms of how we move ahead with this issue, whether it's a simple guideline change or requires a change in the legislation, the chair asked about the policy context using the guidelines, and I think you answered that this was possible. But it's only possible, as I understand it, from increasing the percentage level from 51% to something higher, which still doesn't get at the content problem. So just clarify that issue for me, if you could.

We understand there are timeframes you have to worry about for industry and the labelling that's in the system and so on. All we're talking about, in changing the guidelines, is changing the percentage level, which still doesn't deal with the truth in labelling that it's supposed to relate to content. How do we get around that?

The last point I want to make, Mr. Chair, is that Morgan Currie is formerly from P.E.I. It's nice to see another islander at the table, but I don't know why he would come to an agriculture committee wearing a blue shirt and tie. That bothers me.

Debra or Paul.

•(1045)

Mr. Morgan Currie (Acting Assistant Deputy Commissioner of Competition, Mergers Branch, Competition Bureau): I never wear it when I'm home.

Mr. Paul Mayers: Thank you.

We are not limiting our focus to the percentage. We certainly have appreciated the kinds of things you've been hearing and the interest that you're expressing, so our consideration as it relates to "Product of Canada" will not be limited to just the issue of the percentage. It is

indeed possible that the policy change could address, as well, the sourcing of content as part of the direction going forward, to address the interest that you've expressed. We are not constrained to the percentage alone.

The Chair: Thank you.

Seeing that nobody else wants to ask questions, I thank all of you for your input today in helping us to wrap up the hearings. It's going to help direct us as we develop our recommendations report to present to the House, the minister, and the Government of Canada.

With that, I'll entertain a motion to adjourn.

Hon. Wayne Easter: I so move.

The Chair: The meeting is adjourned.

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