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—
Chair

Mr. Larry Miller

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• (1110)

[English]

The Chair (Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC)): Order, please.

Mr. Bellavance.

[Translation]

Mr. André Bellavance (Richmond—Arthabaska, BQ): Mr. Chair, do you intend to table the report on the golden nematode this week, as was planned? When will you be tabling it?

[English]

The Chair: I intend to table it on Thursday. I have House duty that day and will be there anyway.

[Translation]

Mr. André Bellavance: Couldn't it be tabled earlier?

[English]

The Chair: Yes, I guess I could.

[Translation]

Mr. André Bellavance: Do it as quickly as possible. If you tell me that it will be this week, that answers my question.

[English]

The Chair: Okay. Definitely, if you want it tabled a day or so sooner, I could do that, but that was my intention.

As you know, we've had a lot of extra meetings. It would just have been simple for me, but it will be tabled Thursday.

Before we move to our witnesses in just a few minutes, as the committee knows, at the last meeting a motion to visit Washington was passed. There's a liaison committee meeting today at 1 p.m. If this proposed budget for the trip is passed, it can be dealt with today. The copies of that are being made.

Hon. Wayne Easter (Malpeque, Lib.): Just give us the figure. That's all we need to know.

Is it \$102,800?

The Chair: It's about \$27,000, Mr. Easter. We'll confirm the exact amount. That's with every member using their travel points to get to Washington, as per House of Commons rules.

Hon. Wayne Easter: I'll move it anyway.

The Chair: The motion is moved by Mr. Easter. Is there any further discussion on that motion?

Mr. Bellavance.

[Translation]

Mr. André Bellavance: I would like to know what the amount is? Is it \$27,000?

The Clerk of the Committee (Ms. Isabelle Duford): It is approximately \$27,000. We are making copies.

Mr. André Bellavance: I don't like your list very much. It's not very specific. I know that this is a detail, but...

[English]

The Chair: Okay. I guess the only way we can give you that is if we wait until the end of the meeting. Do we want to defer the motion until the end as well?

Very well, then.

With that, we will move into continuing our review of competitiveness in Canadian agriculture.

We have with us today members from the Canadian Federation of Agriculture. We have members here from the Council of Food Processing and Consumer Products. From Wild Rose Agricultural Producers, we have Mr. Townsend. And we have members from La Coop fédérée of Québec. If each organization could keep its presentation to ten minutes or less, we would appreciate it.

We'll start with the CFA and Mr. Pellerin.

[Translation]

Mr. Laurent Pellerin (President, Canadian Federation of Agriculture): Mr. Chairman, committee members, good morning.

Less than 10 minutes is very little time to tell you about certain aspects of Canada's competitive position in agriculture. So I will try to get right to the point and bring a number of considerations to your attention today.

First of all, the problems faced by Canadian agriculture and its lack of competitiveness stem partly from the fact that for more than 25 years, Canadian government support to farmers has been far less substantial than the support that European and American have received. No doubt farm debt must be much higher in Canada, because the Canadian government's support is not at all comparable to the assistance provided by the American and European governments when times are tough, as they currently are for the cattle industry. These difficulties do not allow farmers in these sectors to have a lot of leeway.

I would like to make a few comments about the cattle industry, both beef and pork. With regard to the BSE crisis, the inspection and processing of carcasses, as well as the removal of residual materials, are much more expensive in Canada than in the United States. These costs represent a very important factor in terms of our competitiveness as compared with American farmers. This reality must be taken into account; it's a question of Canadian regulations.

Country of origin labelling, which has been in place in the United States since March, is also a factor that will affect the competitiveness of Canada's beef and pork industries. We are already feeling the impact of this move and we would like to draw your attention to this issue.

The most recent events related to what is now called influenza A (H1N1) have certainly harmed the pork industry, and we do not know when the damage will end. Every day, the media is talking about this issue, which up until now, has caused certain importing countries to close their borders. Approximately a dozen countries have imposed trade restrictions. Fortunately, the World Health Organization has sent out press releases and notices throughout the world specifying that there is absolutely no link between this strain of influenza and the consumption of pork. Eating pork remains completely safe everywhere in the world. Unfortunately, the crisis has had a negative impact in some countries that purchase pork, even though everyone in Canada is trying as hard as possible to minimize these negative impacts.

In the grain and oilseed sector, market prices are currently slightly better than what we have seen over the past 25 years. Unfortunately, the price of inputs has also risen quite substantially. Now let us turn our attention to the price of fuel and fertilizers; there is a link between fuel and fertilizers. The prices of the two have also risen significantly, which makes it difficult to compete in the Canadian grain and oilseed industry. As for the price of fertilizers, the price of potash, in particular, is kept artificially high. Potash production declined because inventory levels were rather high. Furthermore, the suppliers, the retailers who sell fertilizers to farmers, purchased stock at very high prices in 2008. Even though the prices of goods and commodities dropped in 2009, they are still selling fertilizer at very high prices compared to what the daily price should be, because they paid so much for their stocks in 2008.

I'd like to say a few words about the GO5 coalition and the Canadian Wheat Board. If any sectors are managing better in this time of tremendous price volatility, it's certainly the sectors that have supply management. Actually, they are managing to do much better than other sectors within the industry in Canada.

I would also like to point out that thanks to the work of the Canadian Wheat Board, particularly during the last period when grain prices were better, grain producers in western Canada have enjoyed much better financial yields thanks to this organization which helps them market their commodity jointly.

• (1115)

I would like to draw your attention to one particular aspect of competitiveness. I am speaking of the availability of credit. First of all, I would like to salute the Canadian government for the announcements it ran last week regarding additional access to credit for young farmers and cooperatives. In my opinion, this is a very

useful measure that we have stressed and that we will also celebrate. The extension of credit lines until the fall of 2010 through the livestock advance cash payment mechanism is also very good news. I think that many farmers would not have been able to meet their commitments this September. We salute this measure, and we think it is a very good initiative.

There are still a number of ongoing problems. Generally speaking, we cannot say that the agricultural sector has a problem with access to credit. However, if we consider each good, we have to concede that certain types of farming operations have a harder time gaining access to credit. Livestock operations, particularly those that produce beef and pork, are certainly having a hard time of it.

Everywhere I go in Canada, I hear one comment in particular: the additional premiums that are billed on short-term credit margins—we are talking about an interest rate that was increased by 2% over last year or a few years ago—can be explained only by the fact that suppliers of credit say that this sector represents greater risk. On the other hand, this sector is at no greater risk than it was two years ago. And yet, we are seeing these 2% increases on short-term credit. It is not that the credit is not available; but rather, it is more expensive than it should be. If we consider the base rate, which is now at .25%, we should be able to borrow money at very good interest rates.

With respect to competitiveness, I would like to make one last remark about the AgriFlex program. You may recall that the Canadian Federation of Agriculture had made a proposal that was very similar to the arrangement the government has put in place, except that we were suggesting that AgriFlex be available for all non-business risk management programs as well as for business risk management. Ultimately a different choice was made. We are putting forward the same arguments as before, that is we are saying that because of the diversity of agriculture in the various regions of Canada, it would be a good idea to make this program more flexible and extend it to all programs within the Growing Forward Strategic Framework.

Thank you.

[English]

The Chair: Thank you very much, Mr. Pellerin. You'll get lots of time to add to your comments through questions.

We'll now move to Mr. Jacques Légaré from the Council for Food Processing and Consumer Products, for 10 minutes.

[Translation]

Mr. Jacques Légaré (President and Chief Executive Officer, Council for Food Processing and Consumer Products): Thank you for inviting us Mr. Chairman.

This opportunity that we have to exchange with you is very important to us. The Council for Food Processing and Consumer Products represents businesses who are major players in the food processing industry and it actually represents \$14 billion of an industry that generates \$20 billion in Quebec.

Let's turn to page 4 of the slide deck that was distributed. I wanted to show you here how important food processing is. It is the second most important industry in Canada, accounting for over \$2 billion in contributions to the government. This industry generates 276,000 jobs, \$22 billion of added-value in GDP, exports representing more than \$20 billion, imports representing \$16 billion and \$76 billion in domestic consumption.

However, despite the importance of this industry, in the policy document, Growing Forward, the words "food processing" only appear once, in only one paragraph. We feel somewhat like orphans and we're looking for adoptive parents in the Canadian government.

We're facing several issues. In Quebec, 70% of agricultural production is processed. Agricultural production and food processing are an absolutely essential marriage of convenience for the overall development of the industry.

I gave you a table that shows that grocery bills are just about the lowest in Canada, aside from the United States. Overall, Canadians spend 10.3% of their income on food. In France, that percentage is 14.8%, in England 11.2% and in Greece, 31%. When we look at those countries, we realize that the system can perhaps be improved. Even if the cost of groceries in Canada increased by 2%, 3% or 4%, money could be injected into the system and that would allow the industry to evolve more.

France, England and Germany passed legislation that imposes greater restrictions on retail businesses, something that we don't see here. From our point of view, the competitiveness of processors has to be seen through an analysis of the regulations applied in Canada, which are very good, and which we can work with, but which are not applied to or shared with foreign products that enter Canadian territory and that compete with us.

In terms of the use of claims, in the United States 16 claims are allowed. Products that make certain claims on their labels have no problem coming into Canada. However, in Canada we're only allowed five claims. This is a problem that puts Canadian processors and producers at a disadvantage.

The new "Product of Canada" labelling rules considerably restrict the advantage that we used to have in terms of promoting the high-quality of Canadian products because they set a 2% limit on ingredients that are used in products that are processed and manufactured here in Canada. As soon as a little bit of sugar is added to blueberries that were grown here in order to turn them into jam, they can no longer be called "Product of Canada" even if the labour and the product were 95% Canadian. We can put a "Product of Quebec" label on it but not "Product of Canada". Our Canadian products will be more identifiable abroad than they will be on our own grocery shelves, and this is a major problem.

If a little bit of salt is added during the processing of vegetables, they can no longer be called "Product of Canada". This is an aberration that runs counter to the intention that led to the law being passed. Yet these rules are now being applied. We have made representations, but our position wasn't acknowledged. It is very urgent that this situation be corrected and that Canadian content be reduced to a level that would allow us to add something that cannot be grown here to our products and labour. For example, sugar cane

cannot be grown here, we have to import it. If we add that to a product, it's game over. The same applies to salt and to certain spices that cannot be grown here. Unfortunately we cannot use them if we want to be able to use the "Product of Canada" label. This is truly of great, great concern.

• (1120)

Page 7 shows how complex processing is and shows the types of pressure on that industry. I won't cover everything because it's not possible to do this in 10 minutes. However I would like to point out that if the Canadian government wanted to include processing in its policies and wanted to be involved at that level, then we could resolve some of these problems and foster a much greater and broader development. We could become winners and we could seize the opportunities before us.

On page 8, we show that the processing industry is somewhat caught between the agricultural producers who have obvious needs, and the distributors, who often engage in abusive practices when it comes to processing. We work within very restrictive margins, and this is preventing us from developing at a rate that is necessary if we want our activities to be more profitable for agricultural producers and the industry as a whole.

In Canada, the distribution network is 90% controlled by three distributors. This is the greatest concentration of distribution in the world. In the United States, the 10 biggest distributors control approximately 30% of the distribution industry, I believe. Therefore when it comes to working with American distributors, we have much more flexibility. In Canada, because of the practices of the three distributors, our access to the market is very limited. If a manufacturer wants to launch a product, a flavour or a format, \$550,000 in slotting fees have to be paid out in order to have the product displayed throughout Canada. Yet that does not guarantee in any way product sales. It is absolutely unthinkable for small businesses who want to develop, meet the needs of consumers and promote local products.

The right-hand side of page 9 shows developing business opportunities. We are going to have to be involved with Asian markets and they will be dominating the global market. In 2020 they will represent 41% of the global market and global needs. That is very significant. The markets in India, China, Japan, the United States and Russia will be the top five global markets. We have to think about what we are going to offer our consumers and which markets we are going to focus on. However, in order to be competitive we are going to have to use competitively priced inputs.

"Product of Canada" labelling used to give us an advantage in terms of the quality of products. We could display that. That possibility was eliminated and we now have to look at supply on foreign markets. This is going to be rather difficult. On page 17 we make the case for an inclusive policy, such as the one Holland adopted. It would include all the stakeholders who need to work together. Often, the various levels of government do not consult each other when legislative measures are being applied to food products. A consultative group has to be established and an inclusive food policy that includes processing has to be developed.

At the end of the document you will find many suggestions and many sources of information that we can discuss further during questions. Thank you.

• (1125)

[English]

The Chair: Thank you very much.

We'll now move to Mr. Townsend from Wild Rose Agricultural Producers.

You have ten minutes, please.

Mr. Lee Townsend (Director, Wild Rose Agricultural Producers): Thank you, Mr. Chair. I'd like to thank the committee for allowing me the opportunity to speak on behalf of the Canadian honey industry, and I'll do my best to answer any questions you may have.

I feel I should provide some background as to my involvement in agriculture. I am from Stony Plain, which is just west of Edmonton. I operate a 2,000-hive commercial apiary alongside my parents, and we are solely structured for honey production. I have been working on the farm for the past 19 years, of which the past 13 have been full-time involvement. We have just begun our spring management of the bees, and we are looking at around 30% to 40% winter-kill this year. This is higher than our normal 10% to 15% winter-kill average.

I have sat on the Alberta Beekeepers Commission board for the last five years, and I am currently in my first term as vice-president. I am currently in my first year on the board of directors for the Wild Rose Agricultural Producers, and I have been a member of the Canadian Young Farmers Forum for the past three years.

Canada has a progressive beekeeping industry. In Canada there are about 8,000 beekeepers who keep around 600,000 bee colonies. Approximately 1,800 commercial beekeepers keep 80% of these colonies. Statistics Canada reports that the total Canadian honey production is on average 80 million pounds per year. The value of honey and honey products, including pollination fees, is over \$100 million per year. Alberta accounts for more than 40% of the bee colonies in the nation's honey production. Honeybees are known for the valuable services they provide to Canadian agriculture. They pollinate apple, hybrid canola, berries, and hundreds of other crops. The value of honeybee contributions to crop pollination exceeds \$1.5 billion per year.

Canadian honey is known for its high quality around the world. Canada exports 40% to 70% of its honey to the United States, Japan, and Germany.

The apiculture sector, like many other agricultural sectors, has changed dramatically over the past 20 years. The most obvious challenges have been long-term declines in honey prices, declining bee health, high standards for production to meet consumer's expectations, and intense competition from low-cost producing countries.

The recent reported honeybee kill is 30% per year over the past three years. Can you imagine the impact that 30% of our bees dying annually has had on honey production, crop pollination, and the sustainability of the industry as a whole?

When it comes to the impact of competition our industry faces, there are many key points that need to be mentioned. There has been a drastic increase in the cost of production of honey in Canada. Producers are being forced to improve their honey production and processing methods and systems, yet they are seeing little to no price increase for their safe Canadian honey, compared to imported honey, which does not have to meet the same standards. The return on investment for beekeepers is decreasing. Very few young farmers are attracted to invest and become beekeepers. The sustainability of the beekeeping industry has come into question over the past few years.

There has been a great deal of discussion within the Canadian honey industry about what can be done to solve these issues. Risk management in agriculture can protect farmers' incomes from uncontrolled risks in farming, such as climate, pests, and market decline. Training can be provided to address food safety and best management practices to keep up with the pace of change and assist farmers to enhance their profitability. Food safety would be improved by moving towards mandatory registration for all producers of honey in Canada with CFIA. With this, we are ensuring that the Canadian supply of honey is safe and has full traceability if there is an issue. Currently, it is a voluntary program, but our industry has been discussing the advantages of making it compulsory. As has been explained to us, if we have mandatory standards in Canada, then those same standards can be applied to all imported honey.

There needs to be enforcement of fair trade with honey coming into Canada. Honey being imported into Canada should be produced under similar restrictions as are applied to Canadian beekeepers, and quality should be tested to ensure safety and that no adulteration has taken place. Examples of this are honey labelled as "syrup blend", "sweetener", or "sweetening agent". There needs to be better control of this.

There are many advantages and disadvantages in current Canadian honey products compared to foreign competitors. Some of the disadvantages are that the cost of production of honey is higher in Canada than other regions that are exporting to Canada, and conditions required for on-farm food safety production processes are applied to Canadian farmers but not to farmers from other export countries. For example, imported honey does not have to meet the same standards when it is shipped into Canada.

Among the advantages is that the Canadian honey industry is working hard on its food safety program, which will make it a leader in the food safety standards of honey. Also, CFIA's honey program has been a tremendous help to our industry, assisting us with our quality and food safety, as well as assisting us in our export market access. Although applying these standards will increase the cost of production, pricing does not compensate for efforts put on production of quality products. Another advantage is that Canada is known worldwide for having honey that is safe and of high quality.

There are specific regulations that are both beneficial and detrimental to the competitiveness of Canadian honey products. Examples of some beneficial regulations are that foreign worker programs have literally saved our industry, as extremely few Canadian workers want to work with bees; new labelling regulations are very beneficial, but they need to be implemented and strongly enforced; on-farm food safety regulations and CFIA's involvement with our industry is of great benefit to us; and the review of agriculture pesticides regulations and harmonization within North America.

• (1130)

Some of the detrimental regulations—or lack thereof—are fair trade regulations and subsidy programs in the United States and other countries.

I can also list some solutions that could improve farmers' and industries' competitiveness, including but not limited to improving market access, changing regulations, branding products, etc.

First, improve pest control tools to reduce winter kill, and reduce cost of production to maintain industry sustainability and competitiveness.

Ensure that PMRA regulations will provide needed registration of miticides in reasonable time to improve beekeeping practices and honey bee health.

There should be mandatory CFIA registration for all Canadian honey producers.

Implementation of new labelling regulations is needed to keep the grade designation. Only 100% Canadian honey can be graded as Canada Grade 1, 2, and 3. Import or blending product is labelled as simply Grade 1, 2, or 3.

Improve the surveillance program to ensure that products meet the label specifications and preserve the Canadian quality of Canadian honey. There is a difference in quality between Canadian and imported honey. Imported honey being marketed as, or with, Canadian honey, without proper labelling, is a falsehood for Canadian consumers.

Negotiate international trade and imports of products based on a balanced perspective considering on-farm food safety, production conditions, and labour cost.

Enforce existing trade rules more firmly on importers and exporters.

Finally, support research capacity to improve production and help reduce the cost of production—for example, hive health.

Thank you.

• (1135)

The Chair: Thank you very much.

We now move to the Cooperative Federation of Quebec, to Mr. Richard and Mr. Hébert.

Have I got that right? I have to apologize for my French; it's not very good.

Ten minutes, gentlemen, please.

[*Translation*]

Mr. Denis Richard (President, Coopérative fédérée de Québec): Thank you Mr. Chair. Thank you for inviting us to appear before Canada's Standing Committee on Agriculture and Agri-Food. I will be presenting along with my colleague, Mario, who will use his time to talk to you about a business called momagri.

I would like to state from the outset, Mr. Chair, that we do not claim to have one comprehensive solution to such a complex issue. We do hope, however, that in the short time that has been given to us, we will be able to shed an interesting and useful light on this issue and give you some food for thought about some aspects of this matter.

First, allow me to briefly describe the Coopérative fédérée de Québec. We are a federation of 105 Canadian agricultural and agri-food cooperatives representing approximately 85,000 members. The Coopérative fédérée de Québec and its affiliated cooperatives represent \$6 billion in sales and approximately 16,000 Canadian jobs in four Canadian provinces. Our member cooperatives are mainly located in Quebec, New Brunswick and Ontario. We are also active in Alberta through our Olymel affiliate and we have sales offices in various countries, for example, Japan and Australia.

The Coopérative fédérée de Québec and its affiliated cooperatives are primarily involved in the supply of farm inputs and in the distribution of hardware and petroleum products. The Coopérative fédérée de Québec and some of its member cooperatives are also involved in the food processing sector. Furthermore, several of our member cooperatives are involved in food distribution. The Coopérative fédérée de Québec is therefore at the very heart of an organizational structure that includes agricultural producers, consumers, food distributors and processors. I believe that gives us a unique perspective on our agriculture and agri-food sectors.

The question certainly deserves to be asked. The marked decrease in agricultural producers' net incomes and the increase in their level of debt begs certain questions. These deteriorating circumstances have been accompanied by a marked increase in governments' financial commitments over the same period of time. This situation can partly be explained by a series of epizootic diseases, for example the beef and pork crises, an increase in price volatility and more recently, the rapid appreciation of the Canadian dollar. The backdrop to this, however, is that the situation of agriculture producers began deteriorating when the WTO was created, when the Uruguay Round-Trade Agreements were implemented, and as trade became generally more deregulated and liberalized. In fact, the issue of the competitiveness of Canadian agriculture necessarily begs another issue, which we feel is this: Competitive with respect to whom?

Our American neighbours have a much more competitive agricultural sector. However, they also have to deal with Brazil's agricultural sector which, in some areas, is even more competitive. We have to be aware that we practice a northern agriculture which has certain benefits, for example precipitation levels and a high per capita land ratio. However, we neither have the amount of sun that our southern neighbours have nor can we harvest our crops more than once a year.

We feel that the issue of competitiveness of the agricultural sector must also be tied to the issue of State support measures, at both the quantitative and qualitative levels. In that regard the food processing sector is a poor relation when it comes to State support, contrary to the situation in Europe or the United States.

Given that the purpose of the agricultural and agri-food sector is to feed the world, therefore we must also ask ourselves if we have the necessary means to develop agriculture. A recent study by Ms. Isabelle Charron, Assistant Director for Economic Studies, AGÉCO Group, and by Ms. Joëlle Noreau, senior economist with the Fédération des caisses Desjardins du Québec, found that in the past 30 years, the relative increase in the price of food products was less than that of the price of consumer goods.

According to a recent study by the *Canadian Economic Observer*, the number of products of Canadian origin that make up the grocery basket of families in this country varies from 58% to 80%. Therefore, one can readily see that the food sector is very efficient—more efficient than most other sectors in Canada.

• (1140)

Moreover, a recent OECD study confirms researchers' findings indicating that the average Canadian family spends less on food in relation to total household spending than a few years ago. This share of total spending is pegged at 9% in Canada, 7% in the United States, 14% in France, 35% in China and 50% in developing countries. From a consumer's standpoint, and despite the recent price hikes associated with market hyper-volatility, our farming and agri-food sectors are clearly efficient.

But the past is not always a good indicator of what lies ahead, so one has to wonder whether Canadian agriculture will not only be subject in future to violent meteorological phenomena associated with climate change, but also to major inflationary and deflationary cycles such as those we experienced in 2008.

This brings me to momagri, a movement dedicated to setting up a World Organization for Agriculture. I would like to call on Mr. Mario Hébert, a senior economist, who will tell you about momagri, and I will come back with a few closing remarks.

Mr. Mario Hébert (First Economist, Coopérative fédérée de Québec): Established in December 2005, momagri's mission is to provide objective analyses and concrete solutions to current and future global agricultural problems by promoting an international governance model of agriculture, which brings together both free trade and market regulation. Momagri was founded by a number of large French agricultural and financial cooperatives, and is now represented by its numerous partners from the political, agricultural, health care, and NGO communities. Among its accomplishments, momagri developed and fine-tuned an economic model with a unique focus on the agricultural sector. It is the only model to take

into account the unique characteristic of the agricultural sector, and it stands apart from the current models used in international negotiations. Surpassing all expectations, this model helped us to anticipate last fall's sharp drop in the price of agricultural food commodities, and in doing so attracted the attention of several organizations, including the International Monetary Fund.

According to momagri, agricultural food commodities cannot be compared to simple manufactured products. Based on initial models released in late March, unregulated liberalization of the agricultural sector would have a spectacular effect on the volatility of agricultural prices. Momagri projects that in 15 years, the poorest countries will experience a 60% drop in agriculture revenues. The wealthiest nations will be faced with a 30% drop. Even the farmers from China and India, two importing nations, will see their revenues decline by 30%. Food crises will occur with increasing regularity.

Momagri experts go so far as to compare upcoming crises to the 2008 crisis, during which 17 countries, including Argentina and India, had to impose restrictions on agricultural exports in order to feed their respective populations. The only winners, according to this new model, will be the farmers from emerging exporting nations such as Brazil. They will enjoy a 10% increase in their revenue.

Need I remind you that farmers, regardless of who they are or where they come from, cannot survive in a highly chaotic marketplace. That is why momagri favours a governance model the primary focus of which is to ensure a secure food supply for the planet. This is why momagri intends to make food security a G20 issue on par with financial market regulation and economic recovery.

Mr. Denis Richard: In closing, Mr. Chair, our farming and agri-food sectors, which have shown signs of flagging since the Uruguay Round, are seeing their ability to respond further diminish.

The Coop fédérée, just like momagri, believes that trading of agricultural products should be liberalized, but that this should be done in the context of a specific negotiation process that takes into account such issues as the safety, security and sovereignty of populations throughout the world. In fact, we believe that increased liberalization without a specific strategic focus on agriculture and food may very well lead to heightened protectionism, as food crises erupt due to the hyper-volatility of markets, as we experienced in 2008. What occurred in 2008 seems to be a harbinger of bigger things to come. Many economists throughout the world share this opinion.

Mr. Chair, that is the Coopérative fédérée de Québec's position, in a nutshell, in response to the question you asked about the competitiveness of Canada's agricultural sector. Thank you for your attention.

• (1145)

[English]

The Chair: Thank you, gentlemen.

We'll now move to questioning.

Mr. Valeriote, you'll have seven minutes.

Mr. Francis Valeriote (Guelph, Lib.): Thank you, gentlemen, for spending your time with us. I know it's valuable to you, and we appreciate that you've taken time out of your busy day to be here.

Jacques, I have a situation in Guelph that I'm hoping you might help me with. It concerns a butcher who lives just outside Guelph. He comes into our market Saturday mornings. He's flooded with people who come to purchase his wonderful product. And he's going to have to close down. The reason he has to close down is the amount of paperwork that he has to now fill out with respect to listeriosis and health safety.

What is an inconvenience to somebody like Maple Leaf, hiring some extra people to deal with the issue, is an overwhelming, insurmountable process for him in cost and with respect to human resources. Of course, when he leaves, maybe the whole market will close, because he's the anchor tenant in this market.

I want you to comment, if you could, on the degree of regulation we're currently engaged in and whether or not you see it as fair; whether or not you see the smaller operations being subject to a different obligation for food safety, for at least reporting and paperwork; and whether there should be a high standard that everyone has to meet or separate standards for the larger and the smaller industries. Could you comment on that?

[Translation]

Mr. Jacques Légaré: Thank you for your question.

Indeed, the legislation has meant a very heavy burden in terms of paperwork for all manufacturers and processors. They have to cut through a lot of red tape from different departments that are not necessarily keeping the communication channels open between themselves, which leads to a kind of duplication that manufacturers and processors have to deal with.

There needs to be more focused dialogue with Health Canada and Agriculture and Agri-Food Canada to truly reduce the administrative burden while maintaining at the same time the appropriate checks and balances. While the paperwork and regulations need to be simplified, consumers also need to be protected at the same time. We have approached a number of Health Canada officials about this issue and they have told us that they will look into it. However, we have not seen anything come of this.

The same is true for inspectors, who are sometimes in-house, sometimes arm's length, and sometimes they work for the province and at other times for the federal government. There needs to be a far more open dialogue between departments, like in the case of Food Valley, and for non-meat products.

The Food Valley example is a good one. The government struck a committee on which various department were represented with a view to developing a policy that cuts across all departments and to making it far easier for manufacturers and producers to gain an understanding of the processes, the objective being to fast track development. Food Valley has enabled a country that is much smaller than ours to become the fifth biggest food exporter in the world. So clearly, it would be worthwhile to take a look at this model, besides which their administrative practices are far less complex than the ones we have here in Canada.

[English]

Mr. Francis Valeriote: I notice that you did not allude to different standards for various people. It should just be a streamlined standard for everyone to meet.

Mr. Jacques Légaré: You are totally right.

Mr. Francis Valeriote: I find it ironic and almost sadly humorous that you suggest—rightly—that products made in Canada are recognized to be Canadian outside of Canada, while they're not within Canada. I suspect that has to do, as you say, with the formula or the definition we use. What kind of definition might you recommend? Or should we even bother putting “Product of Canada” on at all and just identify where the different components of the product come from?

• (1150)

[Translation]

Mr. Jacques Légaré: Let me take a step back, back to when the government commissioned a nation-wide study and consulted various stakeholders to ensure that this policy, or by-law, was really feasible and would help to better inform consumers.

The minister brought in legislation before the advisory report was released. On reading the report, we note that it suggests the percentage should be set at 85% Canadian content, not 98%, thereby allowing for various spices, sugar and salt that make up some of the ingredients in processed products.

Research involving various stakeholders and costing about \$100,000 was not factored in. Legislation was brought in before the report was released and the direction taken really goes against the government's stated intent, which was to better inform consumers. However, in the legislation, there is a loophole for export products. They can be identified as products of Canada by disregarding the 98% rule.

I just do not get it. It really is unbelievable nonsense. In defining a product of Quebec, we can put on a label saying “Product of Quebec”, but we cannot put “Product of Canada” on the same product, and a product made in Canada can be identified as a “Product of Canada” outside Canada, but not within Canada's borders. It is illogical and we just do not understand it.

[English]

Mr. Francis Valeriote: On page 8 of your report you say, “The concentration of distribution encourages food processors to engage in abusive business practices”.

Can you be more specific and tell me what kinds of abusive business practices, for example?

[Translation]

Mr. Jacques Légaré: For example, the slotting fees of \$500,000 for a product, a *SKU*, throughout Canada, without a sale warranty, do not correspond to what happens in the American markets, where you have access to different distributors.

Market access costs in Canada are excessive. The rules are very strict. For example, 40 rather than 10 day terms of payment to suppliers and the ability to change contracts without prior notice are examples of things that don't happen outside Canada. But because of a situation where things are so controlled by the government—at least in Quebec—this has meant... It doesn't make sense. The only place in the world where there is such a concentrated market is in Australia where there are only two distributors. The same situation exists there. There were also situations just as troubling in France, Germany, and England, but laws were passed to at least prevent this kind of worrisome occurrence.

[English]

The Chair: Thank you, Mr. Valeriote.

Mr. Légaré, I was going to ask this at the end, but you were just talking about it. When you mention referencing, you're talking about basically buying shelf space. Is that what you're referring to?

[Translation]

Mr. Jacques Légaré: It enables you to place your product with the distributor, to take up space in his warehouse, to access his sales network, and to get space on store shelves. The per product cost—not in the case of a single distributor but for all the distributors—, if a manufacturer wants to sell a 200 ml jar of strawberry jam throughout the entire chain, will be \$540,000 or \$520,000 to gain access to the system. And the producer at that point still hasn't sold a single crate, he's merely paid to access the system.

[English]

The Chair: I just wanted to be clear—and if the committee would just get on this—when you mentioned this in your opening remarks, you mentioned that government needed to address this in some way.

This issue has been identified at this committee before. Could you just enlarge upon, right now, what you meant or what you think government can or should do to address that kind of retail abuse, as you called it?

[Translation]

Mr. Jacques Légaré: The simplest answer is to take the example of the Raffarin legislation in France which governs margins distributors can earn on products in relation to the costs of getting the product on the market. This legislation provides parameters of sorts because regardless of what legislation you have, at some point in time, someone is going to get around it, but at least it gives you parameters through which to access a market in a more logical manner than now exists.

• (1155)

[English]

The Chair: Thank you very much.

Thank you for allowing me to follow up on that. I think that was an important issue.

Mr. Bellavance, you have seven minutes.

[Translation]

Mr. André Bellavance: That is your privilege, Mr. Chair. When I am chairing a meeting, I do the same thing.

I would like to welcome our witnesses and thank them for their presentations.

Mr. Pellerin, this is the first time you have appeared before the committee since your election as President of the Canadian Federation of Agriculture. I would like to take this opportunity to congratulate you once again, this time in public. I am sure this is not the last time we will be seeing you. We certainly saw your predecessor regularly at this committee.

Each of you talked about the problems but also the challenges facing the agri-food industry and farmers generally. Since I have been on this committee, we regularly come back to the issue of competitiveness. I can tell you—and my intention is not to hurt your feelings—that we often hear the same things. That means that not all the problems have been solved. This may not always be attributable to bad faith, but it is clear that there are some areas in which we are not making any progress.

As members of Parliament, our role is to collect the information you provide to us. I always tell producers that they are the specialists in their field, while, for our part, we can get things moving through legislation, motions or regulations. Our job is to make things easier for our producers and our agri-food industry, to help them out, to support them, and to ensure they can export their products successfully. The government's role is to support farmers. Mr. Pellerin referred to the very high subsidies paid by the U.S. government; he also referred to the European Union. We can never reach that level, but the procedures we have developed will enable us to be competitive on both the domestic and foreign markets.

As a member of Parliament, I am particularly upset when the government makes things difficult for us. At times like that, I really wonder how good the government is listening. All the political parties say that they listen to you, that they want to hold consultations and to do what you advise. However, when legislation or regulations come into force, the government actually sets up some obstacles.

Each of you mentioned some blatant examples of this. The "Product of Canada" issue is one. Both Mr. Légaré and Mr. Pellerin spoke about it. The SRMs, or specified risk materials, is another example. We could also mention again the AgriFlexibility Program, which was announced with great fanfare before the budget was tabled. The government was suppose to finally have listened to producers' demands and make programs in the provinces flexible and adaptable to local conditions. It was all smoke and mirrors. Things turned out very differently.

We are in a good position to talk about the "Product of Canada" issue. You are right, Mr. Légaré, it was this very committee that studied this matter. We made our study as comprehensive as possible with the resources we had available. We heard from many witnesses. Never, absolutely never, did we hear in the course of our study that the standard to target was 98%. Even government members did not tell us that. For whatever reason, that is the conclusion the government reached.

Are you able today to tell us how much your members lost as a result of this decision? Whether we like it or not, consumers can no longer see the difference. You can no longer use the words "Product of Canada". That was an added-value for consumers, but it is now over.

Changing all the labels cost money, but in addition, not being able to add the words "Product of Canada" is a loss, because consumers will now choose any product at all. In the past, they could identify which products were Canadian, and decide to support them.

Have you already checked with your members to find out what their losses have been as a result of this, or are you in the process of doing so?

Mr. Jacques Légaré: No, we have not calculated the losses, because they are considerable. First, you are right when you say that changing labels cost hundreds of millions of dollars. Distributors want to comply with the legislation, even though it provides that they can use up the labels they have on hand. Generally, small manufacturers purchase labels for two or three years in order to reduce their costs. When legislation is passed and people are given three to four months to comply with it, first of all, it is almost impossible to use up the supplies, and second, distributors require that manufacturers comply with the deadline set at the beginning of the year for changing the labels. So people had to do that.

This is an industry that wants to develop new markets, and then the economic crisis came along at the same time, so there is a shortage of money. Mr. Richard mentioned that with the exception of produce, the cost of products in stores has dropped rather than increasing. Since manufacturers can no longer refer to the quality of the product with the label "Product of Canada", they are inclined to see whether they can get their inputs from foreign suppliers. At the moment, they have to say that the products are manufactured in Canada, and can no longer say that they are "Products of Canada". They are in the same situation as importers who buy certain products in bulk for packaging in Canada. These too will be labelled "Made in Canada". So not only are we losing the money we got because the quality of the product was recognized, we are also losing money with the system, and on our agricultural products.

Three years ago, we processed 85% of the agricultural products produced in Quebec. Last year, the figure was 70%. There has been a significant drop, and this is going to continue. If we look at the results we want, results we've never had in the past, we are going to have to do some things we have never done before. That is why we are coming up with new business models, and the government is inviting us to leave Canada to do that. This makes no sense! But to answer your question, we have not calculated how much this has cost us.

• (1200)

Mr. André Bellavance: I can tell you that we are consulting many people in the agri-food sector in Quebec who are telling us that economically, this makes absolutely no sense whatsoever.

Mr. Jacques Légaré: Absolutely.

[English]

The Chair: Thanks very much. You are right on the button.

Go ahead, Mr. Allen, for seven minutes.

Mr. Malcolm Allen (Welland, NDP): Thank you, Mr. Chair.

Thanks to all of you for being here.

Mr. Townsend, perhaps we can engage you about bees since it's your first time here, and bees actually fascinate me anyway. As someone who lives in the Niagara Peninsula, I see bees as fundamental to the value-added crop we grow, the tender fruit industry.

Perhaps you could talk to us about what you see as the need for research and development. You are absolutely right about the kill rates. You know it because you're in the business and in your position.

We know in the peninsula that it actually goes beyond the 30% kill rate. In some cases it actually has destroyed entire colonies and hives and has put some folks in the position of almost being out of business when it comes to honey. We're a little bit further south than you. We seem to be getting the influx of whatever seems to be manifesting itself in our hive colonies, and of course that is a great danger for tender fruit crops, in the sense that we won't get them pollinated. We'll have a very difficult situation.

From the research and development perspective, are things lacking? Are there things we need to be doing? Are the things we are doing now insufficient? How do you see that developing as far as your particular industry is concerned, and what do we need to help with that?

Mr. Lee Townsend: Thank you for your question.

The biggest thing we're lacking is extension support, provincially and federally. In Alberta this year we finally got approval to create a bee health program, and that's a joint project with the Alberta Beekeepers, its producers or members; the Alberta government; ACIDF; and the seed companies in southern Alberta. There's going to be a \$250 charge per beekeeper, and the provincial agriculturalist, who is our chief inspector in Alberta and any support staff he hires, will go out and check the hives for mite and nosema levels—an intestinal disease of bees—and also train the beekeepers in what to do and how to treat it. But that's only the start.

We have a lack of research right now on miticides to control the mites. The miticides we have used over the past years either do not work anymore or...we only got emergency registration for the one that did work last year. We have two soft miticides, formic acid and oxalic acid, that are very temperature- and time-sensitive. So there's a window right now where we have no control if levels are higher.

A lot of beekeepers are unaware of how to test and monitor these problems, because they're new. They've not been around for 30 or 40 years. They're relatively new in the last 10 years, and the miticides we had controlled them. With nosema, the intestinal disease, we have a new nosema out called nosema ceranae. The medication we use to treat the other nosema did work, it's working on this one, but we don't know to the extent it's working. So research is being done in Beaverlodge to see how it's working and what impact it has on the bees over the winter.

But the problem isn't just a lack of money.

We had two inspectors in Alberta. One of them retired, and that position was never filled. In Beaverlodge, I believe there are two full-time federal researchers and a couple of part-time, but they have to take money from everywhere to try to keep them on. The Alberta Beekeepers Commission is funded to keep these people on when that money should have gone strictly to research. So there's a huge lack of federal and provincial research money for our industry.

We've suffered huge losses in our industry, and recovery money would be great for the producers, but I think that money would be better off going to the extension and research.

• (1205)

Mr. Malcolm Allen: I would agree with you, but it seems to me your industry is suffering an identity crisis because people think beekeepers are involved in honey alone and don't understand the nature of the business bees do, which is pollinating the vast majority of crops we need to harvest that we wouldn't otherwise be able to. So I think that perhaps is a public awareness program that needs to happen so we can identify things.

But I appreciate your input on what it takes to get your research and development done, because if the bee colonies collapse across this country, we're going to be in one heck of a state. I thank you for that.

Getting back to Mr. Légaré and Mr. Pellerin, we talked earlier, and I believe on this side as well, Mr. Richard, about the sense of food safety, food security, which brings me to try to weave a tapestry, if you will, around when we talk about buying local and finding places on the shelf. The area I live in, the Niagara Peninsula, is clearly an agricultural area, not only for the tender fruit and wine-growing industries, but just over a year and a half ago we witnessed the closure of a company called CanGro, which was the last tender fruit processing and canning plant east of the Rocky Mountains. This meant clingstone peach growers had no market; they had nowhere to put it and no one to take it. Suggestions were made that they try taking it to the United States. The reality in the Niagara region is that they pulled them out. So there are very few clingstone orchards left for peaches because that canner is gone.

If you could speak to this whole sense of the food security and the food sovereignty issues around the need, and there is a need out there to get placement of food, because there is a demand from folks who are saying they want to buy local... They do buy local as much as they can, but they have a hard time identifying what is local when they don't buy at a market. They can go to the market or to the farm gate, they know what that is, but when they go to the supermarket or a larger store, they don't always know where it's from because of the way the product is placed.

Why is it when the demand is clearly there to buy local...? And a couple of things are self-evident: first, we're helping the producer who lives in our neighbourhood, or perhaps very close to it in some cases; and second, traceability is extremely easy. It's a lot harder to trace spinach and lettuce that's just travelled 8,000 kilometres to get to the table or to the store than it is to trace that lettuce that perhaps was picked this summer and travelled fewer than 50 kilometres to get to the store. Why is it that we seem to have such huge difficulties with that sort of supply?

I'll allow either or both sides to comment, whoever wants to take it up first.

[Translation]

Mr. Jacques Légaré: You talked about the availability of Canadian products regionally. We are seeing products on store shelves that come from California or other places. Without going so far as to pass new legislation, the government could easily encourage distributors not to put Canadian products in competition with foreign products which have to be transported, thereby causing pollution.

In England, labels on products have to show how far they have come. I'm sure Canada will eventually pass legislation of this type in the interest of the environment. Then consumers will be able to tell easily how far products have travelled and will be able to promote more local products.

At the moment, we have Foodland Ontario, which is a very well-known brand. *Aliments du Québec* is also a well-known brand, but we cannot yet place it on products, because we would have to have separate inventories, because the products cross the border. We have seen that canned asparagus from Canada has virtually disappeared. It now comes from Peru, for similar reasons. The same is true of gherkins, which are imported from India. That is unfortunate, because with Canadian products, we had better quality and food safety.

Generally speaking, most of the products that are recalled are imported. When we lose control of our food supply, we lose control of our heritage. That is why the government must develop an integrated policy covering people who do canning and all other types of food processing. Unless and until we have such a policy, we will have difficulties, because the approach will be too sectoral, and distributors will be allowed to do whatever they choose.

• (1210)

[English]

The Chair: Thank you.

Mr. Lemieux.

Mr. Pierre Lemieux (Glengarry—Prescott—Russell, CPC): Thank you.

[Translation]

I would like to thank our witnesses for being here today. The committee had a good discussion of the "Made in Canada" label.

[English]

I would like to make a few comments and then ask a few questions on the "Made in Canada" labelling. The first thing I'd like to point out is that it's a good initiative that was implemented by our government. It was in response to strong concerns expressed by, in particular, our Canadian producers across the country. I can tell you that for the producers in my riding, this was one of their top priorities. I met with them frequently, and this was at the top of their list. The second group of people who were particularly concerned about this was made up of consumers.

[Translation]

When they buy a product, they want to be sure, when they see the "Made in Canada" label, that

[English]

virtually all of that is Canadian. They didn't like the fact that they didn't know whether this was Canadian or was not Canadian. They don't believe we grow pineapples in Canada, and so on.

I want to also point out that when the Prime Minister announced this initiative, the Liberals, at the time, through Wayne Easter, actually, mentioned that it had been on their radar when they were in government. They were unable to move forward with it. They weren't able to make a decision. They have a track record of not making decisions. Perhaps they were paralyzed. I'm just saying that it was on their radar and they couldn't or wouldn't make a decision.

The other thing I want to point out, because I have Mr. Easter here, is that he really said some good things when this was released. I'll just give you the quote. He said, "the new regulations would provide consumers with honest information on the contents they purchase and the changes could also increase the consumption of Canadians products". That's a verbatim quote, right from Mr. Easter. I wanted to point it out, because we don't often get compliments from Mr. Easter, and I really wanted to get that on the record. I think, when Mr. Easter has his turn, he's going to say, "yes, but...", or, "what I really meant to say was", but that would affect his credibility. Because you know, when Mr. Easter speaks, I listen. Surely Canadians can have confidence in what Mr. Easter says when he says it, all the time, not just some of the time.

As I say, the "Product of Canada" labelling was a good initiative, brought about primarily by our producers and by our consumers.

One of the other points I want to point out is that no matter where the line is drawn, there will be products that are just below the line. It will invariably happen, and the producers of those products will not be happy. If you even set it at 50%, there will be someone there at 48% saying, "Listen, I'm so close. Why can't it be 48%? Why did you set it at 50%?" So I think we have to recognize that no matter where the line is drawn, there will be some people who are struggling with the challenges it presents.

The second thing is that there are different players involved in moving food from the producer to the consumer. For example, the processors are one of those key players. I understand the challenges the processors are facing, certainly from your discussion this morning but also from other meetings and discussions I've had.

I also see that we must respond to our producers and consumers. There is a level of business decision-making that has to be made at the processor level in terms of what is being sourced out. What is being bought outside Canada? Can that be changed? There is sugar, for example, that is grown in Canada. Can that be done? Is it worth it to put on the "Made in Canada" label, and so on? These are considerations.

I just want to say that there are many groups involved in food production. Tremendous pressure was coming from producers and from consumers. This "Made in Canada" or "Product of Canada" labelling addresses many people, but those two key groups in particular.

Let me just move on to my question. The first question I want to ask is to Mr. Townsend. What are your thoughts on the "Product of Canada" labelling?

• (1215)

Mr. Lee Townsend: I think it's very important. Our industry has been lucky that ours has gone through relatively easily. Now it's a matter of getting it enforced.

We understand that consumer demands and things along those lines require having imported honey coming in. I have no problems with that. Neither does the industry. We just want it labelled properly. This imported honey that's been coming in, because of the mislabelling that's been going on in the past, has affected our price horribly. In the last five years, we've seen it go anywhere from \$2.50 a pound for our honey all the way down to 75¢ a pound. Back before countries like China and India started producing the way they did, our market was always stable. Our price fluctuated a little bit, but not two to three times what it does now.

Mr. Pierre Lemieux: If I were just to pursue that a bit, I think the problem before with imported honey was that they could blend it with a little bit of Canadian honey, or just enough to call it "Product of Canada", and yet it was certainly not the same as, for example, the honey you would be producing.

Mr. Lee Townsend: That's why, in the past, it used to be Canada Number 1 White. That's what all honey was called, because it was based on the colour, not the content. That's why it's now Canada Grade Number 1, 2, or 3 for Canadian honey only, and the blended or imported honey is Grade Number 1, 2, or 3. It's very important to have that distinction.

Not all consumers may realize the difference, but a lot of them do. Due to the bee losses right now, people are more aware of it. I think they notice it a lot more. Now it's a matter of implementing it.

Mr. Pierre Lemieux: Do you feel that the "Product of Canada" labelling will help your...?

Mr. Lee Townsend: Most definitely.

Mr. Pierre Lemieux: Okay.

Let me ask another question. We're talking about products. I think it might have been

[Translation]

You talked about the sugar used in making jam, Mr. Légaré. I am no expert, although I do make jam at home, but I know that there is a lot of sugar in jam. It is over 15%.

[English]

I don't think setting the level at 85%

[Translation]

will help the jam producers very much.

[English]

The second question I have is to

[Translation]

Mr. Légaré and Mr. Pellerin. The percentage is actually 98%. If we were to change it to 85%, I would like to know

[English]

how many more products would make it to the shelf with “Product of Canada” on them? Can you quantify that for me?

Mr. Jacques Légaré: I obviously don't have the answer as far as quantity is concerned, but I can tell you that the majority of the product that we have manufactured here in Canada would comply with the 85%. The survey that was done by your government throughout the country, added then to the answers that were given by all of the sectors, would have been that the legislation had to be changed. We totally agree that it was not right before, so we're not in disagreement with the fact that it was looked at. I think it was welcome that we could have new legislation on it.

However, we think that rather than going to the extreme of 98% before the report output was done, the government should have waited a few more months, looked at it, and complied with the greater majority of Canadian manufacturers and producers, and they should have ensured that consumers were better informed than they are today.

• (1220)

The Chair: Thank you.

Go ahead, Mr. Easter, for five minutes.

Hon. Wayne Easter: Thank you, Mr. Chair.

Mr. Légaré, this committee actually did hold hearings of two months, or a little longer than that, on this issue. In fairness to Mr. Lemieux, I don't think he was on the committee then. We were about to recommend 85%; in fact, we did write it up.

The Conservatives opposed it because the Prime Minister's Office had laid down orders that it would be all, or virtually all. I maintained that going that high was a mistake, because you do need the sleeve to add in spices, sugars, or whatever it may be, and it was a resolution based on the content of what's in the package.

One point on which I agree with Mr. Lemieux is that the intention was right, but instead of listening to a committee that held hearings, the Prime Minister's Office stepped in. It was a hot public issue. Potentially there was an election coming, and they wanted to make it look as though they were doing something. They actually created a bigger problem than the one they were trying to solve.

That's where we are on that one, just so you're clear.

Mr. Brian Storseth (Westlock—St. Paul, CPC): I have a point of order, Mr. Chair.

The Chair: Go ahead, Mr. Storseth, on a point of order.

Mr. Brian Storseth: Just as Mr. Easter is in the spirit of clarifying the record, I would like to clarify by bringing to the attention of the witnesses and the committee the Liberal media release from May 21. You'll remember that the Prime Minister made the announcement on May 21.

It reads, from Mr. Easter:

Three years after the Liberal Party first began pursuing changes to product of Canada labeling all the Conservatives had to offer was a photo op and a backgrounder, Liberal Agriculture Critic Wayne Easter reacted to Prime Minister Stephen Harper's announcement. “As part of broad consultations with farmers in 2005, the Liberal government was hearing the first calls to fix product of Canada definitions so that consumers would know what they were getting.”

Further on, he says:

“We knew long ago that this measure could improve farm incomes and provide valuable information to consumers. What took the government so long?”

I would also refer you, Mr. Chair, to the blues from May 6, 2008. They show that Mr. Steckle also pushed for nearly all of the recommendations as well. That's just to clarify.

The Chair: I don't believe that's a point of order.

I'll go back to you, Mr. Easter.

Hon. Wayne Easter: Mr. Chair, I have a couple of questions.

I wasn't quite clear, Mr. Townsend. Are you saying there is a cutback in researchers for the bee industry at both the federal and provincial levels, and that's a problem? You can answer that.

I'll just give my list of questions.

Mr. Townsend, you mentioned enforcement of product coming in. We have another subcommittee on food safety, and several of us here are on it. Can you expand on that a little bit? I ask because one of the areas we are looking at is whether product coming into Canada should have to meet the same standards and conditions of production that Canadian products have to meet.

Mr. Pellerin, I want to congratulate you on your election as president of Canada's biggest farm organization. Although I was at one time in the one in competition with your organization, I will admit it is the biggest.

On the AgriFlexibility funding, there's a huge problem in that the money isn't what the government committed it would be, as André said earlier. What's the impact in terms of being able to have the right kinds of companion programs in the provinces when it's not allowable for either ASRA or RBM in Ontario?

Mr. Lee Townsend: Federally, I don't believe there's been anything in the way of cuts in research, but neither has there been an increase in research money going to our industry. I believe the only federal research facility we have is in Beaverlodge, which is way up in northern Alberta. This is fine, but most of the bees are now in more southern areas. Pollination and honey production is mainly in central Alberta. They are doing good work up there, but we need more people spread across the country. We need more in Alberta, Ontario, Quebec, and all the provinces.

Provincially, there have been cutbacks, especially in Alberta. It's been something we've been fighting the last couple of years. I commend the Alberta government for supporting our hive health program, which we've just implemented. I hope other provinces jump on board.

The enforcement of standards is a touchy issue in our industry, because we don't have to be CFIA registered. There are a lot of producers in Canada that have to be forced to be CFIA-registered. I can understand and sympathize with them, but I don't agree with that. I don't think I should be getting the same price for my product in a CFIA-registered operation as somebody who's operating out of an old chicken coop that hasn't been cleaned in five years. It also applies to the products coming into Canada. If all of us were mandated to be CFIA-registered and follow the food safety program that we are working on, it would cost the producers some, but it would also limit the amount of honey that could come into Canada and it might increase the quality. If the quality is the same, fine. We'll label it properly and it's not an issue. But I have a real problem when we have to meet standards that aren't required of the stuff coming in.

• (1225)

Mr. Laurent Pellerin: There's no doubt that on the AgriFlex we want something larger than what has been announced and what is in place now. The proof that something is not working is that the provinces have put in place their own programs. Alberta has put in place its own program, because the basic business risk management program is not working. Saskatchewan announced direct payment to farmers in beef and hogs. This means something is not working in the base program.

For years, CFIA has asked that this AgriFlex part of the program be made available to all parts of Growing Forward, including business risk management, to make sure that where it's needed there's a link with the relevant provincial program. Agriculture is very different in different regions of the country, so we have to adapt, be flexible. AgriFlex was intended to cover that.

I want to come back to labelling. I don't know if it's true that the Liberals were working on this for years, but farmers, through CFIA, have wanted it for a long time. They will lobby hard to make sure that we have better identification of our products in this country. We recognize the move that the government made to define Canadian products better.

We are not sure that the actual number, 98%, is the right number, at least to start. Somebody asked how many products would be covered if we went down to 85%. We don't know the answer, but we might also ask how many products we would cover above 98%. We expect that very few Canadian products will be able to use the "Product of Canada" definition. We have to make sure that we cover at least a certain number of products. There's a big trend in this country and elsewhere in the world to have direct marketing from farm to plate. If you have a good identification system in place, it will help to serve this trend of better product going to consumers at less cost. So we have to look at this very closely.

The Chair: Mr. Storseth.

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

I want to thank both witnesses for coming today.

Mr. Townsend, I'd like to start with you. I apologize, if I'm curt at all, but we have short timelines here.

I want to set the record straight a little bit. I'm sure you're not familiar with all the details of the Beaverlodge lab, but I was a member of Parliament in 2006 when I worked with the member of

Parliament from Peace River, who is a very strong advocate of the Beaverlodge lab.

As I'm sure you know, in the Paul Martin years, especially the years when Mr. Easter was parliamentary secretary, the cuts that were made to R and D were very painful to our laboratories. When we first came to government, in fact, the MP for Peace River, Mr. Warkentin, brought forward and fought very vociferously for keeping the labs open. They were at the point where the cuts were going to close all the labs down.

So just to be able to keep them open is actually a step forward. Our government is going to continue to invest in R and D, and hopefully we'll be able to, because I agree with you: we need more research and development, especially when it comes to apiaries and some of the work we're trying to do and move forward with in the industry.

I was very intrigued with some of what you talked about involving traceability. Can you briefly give your opinion on voluntary versus mandatory systems? You more or less brought the subject up. It's something our cattlemen got into with the premier, and it worked out really well for our cattlemen at the end of it. Could you quickly comment on that for me?

• (1230)

Mr. Lee Townsend: I can speak from personal history with it.

This past year we shipped a load of honey out—I believe we are a leader in the food safety area in our industry—and the honey being tested came back saying we had high levels of lead in the honey. We have samples of every lot and we keep track of everything, but we couldn't figure out where this lead was coming from. All we did was go back to our sample jars and send samples off to the same lab; the results came back as containing no lead. At the processor's plant, the samples had been mixed up.

If it hadn't been for the traceability, we would never have known this. What do you do then? You are labelled as having a lead problem or a chemical problem in your product; what do we do? It's condemned, but then we have evidence on our farm that says no, this is exactly what we have, and here's proof that this is what there is. If it's voluntary, you don't have that.

A lot of guys won't do it. I'm sure every industry is the same, but ours is exceptionally bad for it. Three years ago, the Alberta government did a honey sampling initiative. Every producer who wanted to take part—it was voluntary—sent samples to be tested. Any results that were found went back just to you. If there was a problem, it went to the provincial apiculturalist's office, and he went to that producer and worked with him to find out what had caused the problem.

Mr. Brian Storseth: I appreciate your comments. So you are in favour of a mandatory system being in place?

Mr. Lee Townsend: Very much so.

Mr. Brian Storseth: Okay, thank you.

Mr. Pellerin, I want to congratulate you on your election as president of the Canadian Federation of Agriculture.

I have just a couple of quick questions on your background, sir.

Are you an economist, a producer, or what's your...?

Mr. Laurent Pellerin: I'm a hog and beef farmer in Quebec.

Mr. Brian Storseth: Which area of Quebec is it, just out of curiosity?

Mr. Laurent Pellerin: It's halfway between Quebec and Montreal, just before Trois-Rivières.

Mr. Brian Storseth: Excellent.

I heard you talking a little about the western Canadian farmers getting a better return because of the wheat board. Does the Canadian Federation of Agriculture support single-desk selling in western Canada?

Mr. Laurent Pellerin: There's no doubt about that. Farmers getting together to market their product under their choices is I think the best thing to do altogether, and the proof is there. The Canadian Wheat Board is one of our members, so we know very well what is happening in the grain sector in western Canada.

Mr. Brian Storseth: Indeed it is one of your members.

Would you agree with the generally stated analysis that 25% of market share is needed as the general threshold to exert influence over the market—or at least the Canadian Wheat Board's analysis that 20% is necessary? Would you agree with that?

Mr. Laurent Pellerin: I cannot give an exact figure on it, but there's no doubt that when farmers get together and keep their product in their hands and negotiate a price on the marketing of their product, they have a lot better chance for a better return from the market; there's no doubt about that.

Mr. Brian Storseth: But the question was, do you agree with the Wheat Board's assessment of 20%?

Mr. Laurent Pellerin: I don't have that quote.

Mr. Brian Storseth: Well, that is the Wheat Board's assessment. Unfortunately, in the wheat trades, they only have 14.5%. Actually, the Informa research document that came out last year shows that the only countries we influence market power in are countries such as Colombia, Ghana, Guatemala, and Venezuela. It doesn't seem as though we're getting a lot of premium.

As for barley, it's even less; of the top 20 barley global marketing countries in the world to which we export, we have no actual influence over those markets through the Canadian Wheat Board, because they're exercising less than 11% marketing influence.

Would you disagree with these numbers, or would you stick with the idea that a cooperative is the way to go?

Mr. Laurent Pellerin: There is no doubt that I'm a very great supporter of collective marketing. When farmers get together to market their product, there is no better choice. The big companies will never take care of the farmers; be sure of that. They never write in their business vision that they are there to build a better return for farmers. The farmers' organizations that cut through the collective

marketing offer the best way to improve the return for farmers. There is no doubt about that.

Mr. Brian Storseth: I just have two more questions for you, sir.

One is this. The U.S. elevator bids have been higher than the final payments from the Wheat Board in five of the last six years. The average difference in price has been approximately \$15.97 per tonne. That is a lot of money that our western Canadian farmers aren't getting.

I think we would both agree that quality, consistency, food safety, customer service, and reliability are things that we get a premium for. Is that correct?

• (1235)

Mr. Laurent Pellerin: Yes.

Mr. Brian Storseth: But that is not something that is reliant on a single-desk system.

The last thing I'll ask, and then I'll give you the floor, sir, is this. Seeing the price disparity we're getting, seeing all of these things, would you still argue that a cooperative is the best way to go? Would you recommend as the CFA position that there should be a mandatory marketing system for all of Canadian wheat, rather than just for western Canadian farmers'? Would you take that as the position of the Canadian Federation of Agriculture?

Mr. Laurent Pellerin: I don't have a problem looking at that on wheat.

I put in place in my past life a mandatory marketing system for hogs in Quebec, and during the same period, Manitoba farmers, through their government, decided to take off their collective marketing system. Farmers developed other options to market their pork. We export four to five million piglets to the U.S. We export live finished hogs to the U.S. We don't have an industry to kill and process our hogs. It is the same thing with beef. We are in a worse situation now, six years after BSE, than we were at that time, exporting more livestock to the U.S. and not having the processing industry in Canada. We have to look overall and analyze whether to make those decisions, and the collective—

Mr. Brian Storseth: But the question, sir, was not whether you would look at it, but whether you would take it as a policy of the CFA.

Mr. Laurent Pellerin: I have no problem with analyzing that.

The Chair: We'll go to Mr. Bellavance for five minutes.

[Translation]

Mr. André Bellavance: I would like to talk about what is happening at the moment. Mr. Pellerin and Mr. Richard, you are both in the hog industry. You are hog and beef producers. You have a great deal of interest in this field through Olymel. In light of what is going on today, I am feeling rather concerned. Influenza A (H1N1), which was first called swine flu, definitely did not help. Some countries are starting to close the market to Alberta pork at the border. It seems like we are going to go through the same nightmare that happened during the mad cow crisis. At some point, will the entire hog industry in Canada be penalized because one herd in Alberta will have to be killed?

I want to be very clear: I do not want to suggest a lack of solidarity with the hog and beef producers of Alberta. We must support them and assist them to get through this crisis. However, the way the mad cow crisis was managed was catastrophic for the industry as a whole. You said so yourself, Mr. Pellerin. Today, the situation is worse than it was before the beginning of that crisis.

Do you share my concern? I do not want to be a bearer of bad news. However, I think the government should learn from what happened before, and make sure we do not end up penalizing an entire industry because some countries do not understand the science behind influenza A (H1N1), and think that by closing the market to our pork, people will not eat any pork and will not get the flu. It is as simple as that. At the same time, this approach can have some very serious consequences.

Mr. Laurent Pellerin: I would like to make a brief comment, and then I will let Denis add something about Canadian agricultural programs and the Agriculture Policy Framework.

Growing Forward is only the second Agriculture Policy Framework. If we had as much experience as the United States in devising these major agricultural policies, as Europe does with the CAP, we would probably be able to include strategic marketing in these Agriculture Policy Frameworks, so as to counter crises such as the ones we are experiencing in the hog and beef sectors. It is time we looked into this. It is probably a little too late for Grow the Future, but we should sit down and think about what we are going to do. What strategy will we put in place to counter this crisis in the hog industry and to increase the production, processing, slaughter and value-added of Canadian beef and pork products? It is time we developed these strategic plans and included them in a Canadian agricultural policy. Otherwise I am concerned about the future of both the pork and beef sectors in Canada.

We are going through a crisis at the moment, and there has been no response to it. The markets have been shaken, countries are closing their borders, and prices are dropping. There is no concerted response from the stakeholders. We have to sit down and devise these strategic plans for both the beef and hog sectors.

• (1240)

Mr. Denis Richard: That is very much in keeping with what we were saying this morning. The hog market throughout the world is one of the most liberalized ones. That is also true of the grains markets. We are facing a crisis that is based on impressions. This disease cannot be transmitted in pork meat. The company I represent here this morning has dealings with 60 countries. Even though the

borders have not been closed, the demand for pork is dropping because consumers are afraid. There is a danger—and I hope it does not happen—that we will experience quite a significant crisis in pork production. Canada exports 50% of its pork production. So we are the most vulnerable country in the world.

As I was saying earlier, trade liberalization has changed things. The programs devised 10 years ago cannot apply to fluctuations of this type. If consumers throughout the world reduce their consumption by 5% to 10%, this will be catastrophic for Canada. I do not know how the hog producers will manage. We will have to close plants, and the surplus hogs will not be slaughtered. We export too much.

Our country is very sensitive to pork consumption. Let's compare it to other products such as milk or chicken, which are supply-managed. These systems have proven their worth, and everything happens within the country. That means we control the entire situation. Consumers pay the real cost. The system is organized, and we are not dependent on markets or on political decisions.

It must be said that some countries close their borders for purely political reasons. They are rushing to reduce their inventory before the others. When a country closes its border, it reduces its inventory. It is completely strategic.

The message we want to convey this morning is precisely this: Agriculture has changed. There will be more and more fluctuations and there will be other pretexts such as those we are seeing in the case of pork at the moment.

[English]

The Chair: Thank you. Your time has expired.

Mr. Richards, for five minutes.

Mr. Blake Richards (Wild Rose, CPC): Thank you.

I want to direct my comments and questions to you, Mr. Pellerin.

In response to an earlier question, you mentioned the big move internationally towards direct marketing from farms and you indicated your support for that. I would certainly agree with that. I certainly would support that as well for the future of our farms. Farmers are some of the most innovative and industrious people in our country, and I think it is their skills and business sense that will allow our farmers to survive well into the future. Being able to give them the opportunity to market directly is a very important part of that.

Yet in response to a question from my colleague, Mr. Storseth, you indicated that you have strong support for the Canadian Wheat Board monopoly. I really struggle to understand how those two positions square off with each other. On the one hand, you're saying that direct marketing for farmers is a very important issue, and yet you're saying that you have strong support for the Canadian Wheat Board monopoly, which essentially is saying that grain farmers in western Canada are not capable of making those kinds of decisions for themselves, decisions about how best to market their products, and that they need some other monopoly to control that for them.

I can tell you that many farmers in my riding, in Wild Rose in Alberta, would be incredibly offended by that statement. They want that right and they demand that right. Certainly, the Wheat Board monopoly is something they strongly resent. It's something that is hindering their ability to get the best price for their products, hindering their ability to market their products on their own, and hindering their ability to set up value-added opportunities for themselves, particularly farmer-owned value-added opportunities.

The Wheat Board monopoly is in the way of my farmers being able to successfully market their products. It's in the way of them being able to ensure the survival of their farms. It's in their way in regard to being the most successful they can be. They want that opportunity. They want that right.

As well, certainly, they're also upset that they've seen millions of dollars of their money, farmers' money, lost as a result of poor management practices by the Canadian Wheat Board in the recent past.

I really am here to stand up for my farmers, for my producers in western Canada and in my riding, and I'd really like you to answer how you square your support for direct marketing from farms with your support for the Canadian Wheat Board monopoly. I know you're here to represent farmers' interests, yet you're essentially saying that producers of wheat and barley in the western provinces aren't capable of making their own marketing decisions. I think there are a lot of farmers in western Canada who would be very upset to hear you say that.

I'd like to hear your response to that, because I think the farmers in the west would demand to know why you would be making those kinds of statements, as you're claiming to be speaking on their behalf, when they are very clear about wanting the opportunity to market their own products.

● (1245)

Mr. Laurent Pellerin: I will never oppose the new trend of direct marketing, the tools that farmers have the right to put in place, the collective marketing tools, and I hope this direct marketing will evolve from very little volume now, with less than 1% in some products and 4% or 5% in others. I will be very happy if it doubles to 10% in the next five or 10 years or it goes to 20% of the market.

I will be more than happy with that, there's no doubt in my mind, but the large-volume commodities that we are producing in this country will have to get to the market and will have to bring back money to the farmers. The best way to get better money from the marketplace is to make sure the farmers make the decisions.

I'm watching this. I'm new as CFA chair, but I'm not new in agriculture. I've been there for 40 years. I've travelled in western Canada many, many times, participating in farmers' meetings. I've been invited to speak to farmers to explain how we work in our part of the country and how farmers can get together and be stronger. I've been there for years.

I have a very high respect for farmers and I'm very confident in the decisions that farmers are taking. I look to the last election of the board for the Canadian Wheat Board. I look to the people they have elected there, and I see that the majority of the people who were elected there are supporters of the collective marketing system.

You've probably remarked that I never used the word "monopoly", because I don't think the Canadian Wheat Board is a monopoly system—

Mr. Blake Richards: Pardon me—

Mr. Laurent Pellerin: The Canadian Wheat Board is a collective marketing tool for the ends of the farmers. The farmers have the right to do that in this country and they also have the right to decide that there's an end to that.

The Chair: Okay. Thank you, Mr. Pellerin.

Mr. Laurent Pellerin: Put the decision in the hands of the farmers—best choice.

The Chair: Thank you, Mr. Pellerin.

Because of the time here and the fact that we have a motion, I have to go to the liaison committee, which deals with the motion we talked about earlier, at the start. If it's okay, I'm going to take a question from Mr. Valeriote and then one from the opposition to make it equal.

Mr. Bellavance, I may have to ask you to take the chair.

Mr. Valeriote.

Mr. Francis Valeriote: Very quickly, Jacques, we're talking about "Made in Canada" labelling again. What is wrong with having a label that identifies the percentage of the product and the country of origin of each of those percentages of the product? If a percentage is from Canada—be it 60%—another percentage is from China, and another percentage is from the Caribbean, let consumers determine for themselves whether or not it meets a specific standard, without requiring some arbitrary percentage to be applied.

Mr. Jacques Légaré: Well, it's a situation that could be evaluated, but I suggest that the consumer would not be prepared to evaluate properly the impact of the composition of a product. When you have part of it being more ingredients than the product itself, then how would you apply that to products that are imported? In the province of Quebec, 56% of the products consumed come from the province, but the balance is imported. How will you apply that? Right now we're not even able to analyze those products properly.

It may be an avenue, but I don't know whether it would be possible.

I would like to restate that yes, the legislation that existed before had to be changed because it was not reflective of the importance of Canadian content in products. Unfortunately, what has happened with the 98% is that it makes it very hard to live with.

● (1250)

Mr. Francis Valeriote: Thank you.

Could I ask Mr. Pellerin a question?

Mr. Pellerin, I met with people from the Auditor General's office this morning, and they were talking about agriculture. It occurred to me, based on a presentation that was made a couple of weeks ago by a farmer in Alberta who was suffering closure of his farm because of the nematode problem, that the person really had no one to go to other than their MP. Fortunately, they did make that effort. I think it was Mr. Storseth, and I'm grateful he brought that witness forward.

Do you see there being value in an ombudsman being appointed in the agriculture industry, or do you see that as just another level of bureaucracy? If people see an injustice, they'll have someone to go to right away.

Mr. Laurent Pellerin: When those problems are really well solved and treated at the first level, we don't need this type of ombudsman to solve the problem. I think with a question like the nematodes or other compulsory cleaning of some farms—there's a case with pork now in Alberta—if it's a decision that the producer is not controlling, they'll have to be compensated for it. If the CFIA decides that this farmer cannot grow potatoes in his farm forever, it's a public decision, it's public relations, and the coverage of that problem has to be done before going to the ombudsman. If nobody takes the right decision and the producer is in a situation where he doesn't have a final answer in his case, somebody has to take care of that. If the MP is doing the job right, if he has to go to an ombudsman, I have no problem with that.

[Translation]

The Vice-Chair (Mr. André Bellavance): Mr. Valeriote, we allowed you to ask a question, but you asked two, since I had just arrived. It is not your fault. However, I will extend the same privilege to Mr. Hoback. So we will have two questions to conclude. Then we will have to discuss future business.

[English]

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

First of all, gentlemen, thank you very much for coming here. I know it's a busy time of year, going into May.

Lee, I know you're very busy this time of year trying to build your hives up for the honey season. What you've said here today has been very interesting. I have a lot of apiarists and honey producers in my area, and some of the things you brought up about the foreign content are definitely a big issue, and that's why our government has done what it's done on the content ruling.

I'm going to direct my time and my questions towards Mr. Pellerin, because, as you can see, there are a lot of things we do agree on, but there's one big thing in the room that we disagree on. Maybe I can use this time to help educate you on why I think you have some problems with the CFA and one of your members.

First of all, I just want to verify this. The CFA represents farmers, right?

Mr. Laurent Pellerin: There's no doubt in my mind.

Mr. Randy Hoback: No doubt. That's what I thought you'd say, and I agree with you.

The question I have for you is why would you have an organization like the CWB as a member? They don't represent farmers. They're a marketing agency. They're a board that's set out to

market our grain. Why are they taking my money and giving it to you, when they don't represent our views at all on any type of public policy or any type of agriculture policy?

Mr. Laurent Pellerin: Somebody from your side asked a question of the honey producer a couple of minutes ago about the system he wanted to be in place for controlling the quality of the product. Did he want a voluntary system or a mandatory system? And the answer was very clear.

If it's—

Mr. Randy Hoback: No, no, it's not clear. It's not clear. You have the honey cooperative association, and you can choose to join it or not to join it, if you want. You have that choice. Honey producers have that choice. If you tried to take that choice away from them, they'd be very upset. I know that for a fact.

What I'm upset with is that I have, for example, producers down in southern Saskatchewan who were wanting to form a cooperative to refine pasta. It would have been the only pasta plant in Canada. Our supposed marketing agency killed it.

We've had all sorts of ingenious ideas at the farmer level that could have taken value added into that industry and gone forward and actually created a huge industry in western Canada. One entity killed it. That entity belongs to your association.

I just can't understand why you would defend that entity. It has been so backward, and—

● (1255)

Mr. Laurent Pellerin: I will repeat what I said before, that if the western farmer decides to do differently from what they're doing now, ask the question; I will respect the answer of the farmer.

Mr. Randy Hoback: We did have a plebiscite on the issue. The plebiscite was very clear that they wanted change, and they wanted a difference on barley.

Mr. Laurent Pellerin: That's not my reading of the results.

Mr. Randy Hoback: Again, you have your interpretation and we have ours, I guess, but reality is reality. Western Canadian farmers want to be lifted from the burden of a CWB. Why would your organization come here, claiming to represent western Canadian farmers, and say the opposite?

APAS, an organization that I actually was a member of for one year, wouldn't touch the topic, yet they are one of your members. They would not touch the topic of the Canadian Wheat Board. So why would you take it on?

Mr. Laurent Pellerin: I want to correct you on that.

All of the western organizations and CFA respect the position that western farmers will take, or took in the past, about the Canadian Wheat Board. It's the same thing for APAS, KAP, and Wild Rose. They all submit the same position. They are respectful of the decision that the farmers will take about the Canadian Wheat Board; if they change their minds about it, we will respect that.

Never forget, though, that perhaps the tool will have to be improved. Perhaps a larger share of farmers have to control the board. There are lots of ideas there, and lots of possibility.

We have to continue to study the Canadian Wheat Board and to improve the movement of the farmer through the Canadian Wheat Board. At the end, though, I will not be the one who decides. I'm just representing Canadian farmers and saying what they tell me about the Canadian Wheat Board and all other subjects.

You can be sure that I've been in western Canada and that I've asked the question directly of farmers. I'm not here on my own view. I respect what western farmers tell me about collective marketing, about getting together and not being under the control of a couple of big companies like the Cargills and Bunges of the world.

Mr. Randy Hoback: Or of the CWB.

[*Translation*]

The Acting Chair (Mr. André Bellavance): Thank you, Mr. Pellerin.

That's all the time we have today.

I also wish to thank all the other witnesses who took the trouble to travel here today to take part in our examination of competitiveness. I have no doubt that this will enable us to produce a very interesting report. As we were saying earlier, even though we keep harping on the same things, sometimes if you hammer a nail often enough, you end up finding some good solutions.

Thank you very much for having participated in this study.

Gentlemen, as for the rest of us, we have to proceed with the adoption of a budget concerning our decision to go to Washington D. C. from June 3 to 5 to discuss country-of-origin labelling. You have before you two draft budgets.

Before he left, Mr. Easter had proposed the \$27,509 budget. I'm sure that you will have deduced that if we use that budget, members of the committee participating in the mission will have to use their points. We're entitled to points when we go to Washington. Of course that would be the most economical budget.

As for the other budget of \$52,949, all the costs would be borne by the committee or the government, regardless, if we don't use our points.

It's not up to me to suggest anything in particular, but one is much more economic than the other and Mr. Easter had raised the point that the committee should approve the travel budget for \$27,509.

Mr. Lemieux.

[*English*]

Mr. Pierre Lemieux: Chair, I also support that we should use our MP points.

I believe we have four MP points to get to Washington. I would venture to guess that many of us don't go to Washington four times in any one year.

Since this will lower the burden on the committee in terms of our budget, I too am in favour of our using MP points.

[*Translation*]

The Vice-Chair (Mr. André Bellavance): I will reread the motion.

That the committee approve a travel budget of \$27,509 so that 12 members of Parliament and the necessary staff travel to Washington D.C. from June 3 to June 5, 2009 in order to meet American leaders, congressmen and stakeholders in relation to its study on country-of-origin labelling (COOL); and that the chairman submit the said budget to the Liaison Committee; and that members use their travel points.

(Motion agreed to)

[*English*]

Mr. Pierre Lemieux: A point of order, Chair.

• (1300)

[*Translation*]

The Vice-Chair (Mr. André Bellavance): Yes.

[*English*]

Mr. Pierre Lemieux: I just want to mention, especially to my colleagues on the other side, that after our Thursday meeting we have arranged for the department to give a briefing to all members of this committee on FIMCLA. FIMCLA, if you remember, is the legislation that we're putting forward to make government loans more accessible to farmers and to cooperatives. If my colleagues are interested in attending, I wanted you to know now. Your office will be contacted as well, but I wanted to give you a heads-up to plan accordingly, if you would like to be here as part of that presentation.

[*Translation*]

The Vice-Chair (Mr. André Bellavance): That's a point of information.

Mr. Pierre Lemieux: Exactly. It will be here immediately after our next meeting.

The Vice-Chair (Mr. André Bellavance): It would be a good idea to send an e-mail to each member of the committee to invite them.

Mr. Pierre Lemieux: There will be an e-mail also, but this is just to give you a little more information.

The Vice-Chair (Mr. André Bellavance): Thank you very much.

Meeting adjourned.

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