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Tuesday, November 3, 2009

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Chair

Mr. Lee Richardson

Standing Committee on International Trade

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• (1140)

[English]

Mr. Peter Julian (Burnaby—New Westminster, NDP): Thank you, Mr. Chair.

I think the two motions are complementary. We've had hearings here. We've had a very clear indication from the government. In fact, I think it's fair to say that Minister Day was absolutely clear on the issue.

An hon. member: Outstanding.

Mr. Peter Julian: I wouldn't say outstanding, but I thought he was very clear on the issue of defending supply management. I have no dispute there. He's on the record, and it's a good thing we held these hearings.

I think the issue that is still outstanding is how we've communicated that. Certainly, when it comes to the whole issue of negotiations at the WTO, that's the concern that has arisen. The government has been clear in Canada, but has the government effectively communicated that position? I think a number of our witnesses and members of the committee have indicated that that is the shortcoming.

My motion, which I hope will be adopted along with Mr. Brison's motion, so we have the two together, would provide instruction to the government through the committee following our hearings. We have to take a very clear stand to say that the text will not be signed by Canada, that when it comes to state trading enterprises and supply management systems, it's unacceptable. In that way, we've done our job as a committee.

Mr. Chair, to conclude, New Zealand has an exemption on state trading enterprises. When we look at the text, New Zealand's state trading enterprise dealing with kiwi is very clearly completely exempt from the negotiations and from the draft agricultural text.

Canada needs to communicate that to our partners—if the government is taking a strong stand—and obtain the same kind of very clear exemptions that New Zealand has obtained. If we do that, Mr. Chair, then I think we have a consensus, we've done good work on this, and we can move on to other issues.

The Chair (Mr. Lee Richardson (Calgary Centre, CPC)): I'll call the question, if there's no further debate.

Mr. Gerald Keddy (South Shore—St. Margaret's, CPC): This is on the first motion of Mr. Julian, right?

The Chair: Yes. Is there any further debate?

An hon. member: Could we have a recorded vote?

The Chair: We will have a recorded vote.

(Motion negated: nays 6; yeas 5 [See *Minutes of Proceedings*])

The Chair: The next motion is Mr. Brison's.

Hon. Scott Brison (Kings—Hants, Lib.): I think everyone has the motion:

That the Government of Canada affirms its unequivocal support of, and commitment to defend, Canada's supply management system.

• (1145)

The Chair: All right. Is there any further discussion on that motion?

Monsieur Cardin.

[Translation]

Mr. Serge Cardin (Sherbrooke, BQ): The report's recommendation says that the Government of Canada reaffirms its support. If Mr. Brison has no objections, we could use the verb “reaffirms”, since this is not the first time that support is being given. For emphasis, we could say that the government “reaffirms its unequivocal support”. I would then add “of the integrity of Canada's supply management system”.

[English]

The Chair: Is there further discussion?

Do you want to propose an amendment, Monsieur Cardin?

Do you want to accept that as a friendly amendment, Mr. Brison, or let it stand as it is?

[Translation]

Hon. Scott Brison: That's fine with me, but I think the word “affirms” is stronger in some ways than the word “reaffirms”.

[English]

The Chair: You did accept a recommendation, just so the committee is clear. The committee really doesn't—

Hon. Scott Brison: “That the government”, yes.

The Chair: The first line of Mr. Brison's motion....

I'll just have you read the motion again, if you like.

Hon. Scott Brison: Yes.

That the Government of Canada affirms its unequivocal support of, and commitment to defend, Canada's supply management system.

The Chair: Okay. Is there any further debate?

Monsieur Cardin.

[Translation]

Mr. Serge Cardin: I don't have a problem with keeping the word "affirms", but I did suggest that the following be added "[...] unequivocal support of the integrity of Canada's supply management system". I don't know if Mr. Brison is willing to consider adding these words.

[English]

The Chair: I think we've heard—

[Translation]

Hon. Scott Brison: I don't have a problem with that, but I'm not sure if it strengthens this motion.

[English]

The Chair: I think we have consensus on this one.

(Motion agreed to)

The Chair: All right, we don't need a recorded vote. The motion carries.

Now we have a recommendation. We'll go back to the consideration of the report. In the draft committee we have approved the first three pages. The suggestion is that we replace the last page, the last line, with a recommendation as it's just been read into the record as Mr. Brison's motion. So the last line would now read, following the word "recommendation", "That the Government of Canada affirms its unequivocal support of, and commitment to defend, Canada's supply management system."

So it's just getting rid of the "re"—that's basically it—and adding "unequivocal" to the point that's there. Is everybody clear on that?

All right. Could I ask for a motion, then, to adopt the draft report?

Mr. Holder moves that the draft report as amended be adopted.

(Motion agreed to)

The Chair: The second motion is the adoption of the title. The corrections in the French copy were made clear earlier, I think.

The title of the report is, "In Defence of Supply Management at the WTO".

Mr. Cannis so moves.

(Motion agreed to)

The Chair: Okay, that's unanimous. Well, aren't we getting along?

The third motion will be...

[Translation]

I'm sorry.

Mr. Cardin.

Mr. Serge Cardin: From the outset, I suggested that in the French version, the word "régulation" be replaced everywhere in the text by "le système de gestion de l'offre".

• (1150)

[English]

The Chair: Yes. Are you okay with that?

[Translation]

Mr. Serge Cardin: Yes.

[English]

The Chair: Thank you, Monsieur Cardin. I think that's clear now.

In terms of grammatical and editorial changes, it is moved by Mr. Julian that the chair, clerk, and analyst be authorized to make such grammatical and editorial changes as may be necessary without changing the substance of the report.

Mr. Peter Julian: If it's helpful for you, Mr. Chair, sure.

The Chair: You're always very helpful. Thank you, Mr. Julian.

(Motion agreed to)

The Chair: The final motion is an order to present the report to the House.

May I have a motion to that effect?

Mr. Richard Harris (Cariboo—Prince George, CPC): I so move.

The Chair: Mr. Harris moves that the chair present the report to the House.

(Motion agreed to)

The Chair: With that, we have concluded our report.

Monsieur Cardin.

[Translation]

Mr. Serge Cardin: As with almost every report, there can be a supplementary report. I'm not talking about a dissenting report.

What is the timetable for producing such a report?

[English]

The Chair: If you would like, you can move a motion that the committee append to its report dissenting and supplementary opinions. Is that what you want to do?

[Translation]

Mr. Serge Cardin: I so move, Mr. Chair.

[English]

The Chair: Mr. Julian, is that your point as well?

[Translation]

Mr. Peter Julian: Yes. However, if Mr. Cardin agrees, it would be no longer than one page.

Mr. Serge Cardin: Yes, and in large print, Mr. Chair.

[English]

The Chair: Mr. Holder, on a point of order.

Mr. Ed Holder (London West, CPC): Thank you.

This may be me just not being aware, but if all parties have voted unanimously to accept the report, I'm not sure I understand why you would then file a differing view as well. I'm somewhat confused by that.

The Chair: There are two different types of reports included in the motion: dissenting reports and supplementary reports. If the motion is passed by the committee, any party can append a supplementary opinion.

Mr. Ed Holder: That's even when they voted to accept the report. Is that what you're saying?

The Chair: Yes.

Mr. Ed Holder: Okay, thank you.

The Chair: It's ironic.

Mr. Ed Holder: It's interesting.

Mr. Mario Silva (Davenport, Lib.): It's my understanding that they want to do a complementary report, a report complementing the report.

An hon. member: It's not dissenting, it's complementary.

[*Translation*]

Mr. Serge Cardin: Mr. Chair, as my mother used to say, when you agree to something, you don't turn around and change your mind. We adopted a unanimous report. I was talking about a supplementary report.

[*English*]

The Chair: Well, no doubt.

It is then moved by Monsieur Cardin that the committee append to its report a complementary opinion from Monsieur Cardin, provided that they are no more than one page in length and submitted electronically in both official languages to the clerk no later than....

How much time do you want? Can you do it in a couple of days? Three days?

[*Translation*]

Mr. Serge Cardin: By next Tuesday or Friday.

[*English*]

The Chair: All right, fine.

[*Translation*]

Mr. Serge Cardin: We won't be here next Tuesday.

[*English*]

The Chair: We'll say one week.

Just to catch up here, because of the way the motion was structured, shall I say "complementary opinions from Monsieur Cardin and Mr. Julian", and that will suffice for your point as well?

Mr. Peter Julian: Absolutely.

The Chair: Okay.

Let me just reread the motion. It is moved that the committee append to its report complementary opinions from Mr. Cardin and Mr. Julian, provided that they are no more than one page in length—they'll be in font 12 and 1.5 spacing—and submitted electronically in both official languages to the clerk no later than....

Is Friday okay?

An hon. member: Next week is a break week.

The Chair: Oh. Then let's say Friday, November 6. So you can work on it during break week.

Mr. Ed Holder: Mr. Chair, when you say "complimentary", do you mean "heaping praise", versus...?

An hon. member: Yes.

Mr. Ed Holder: Never mind. I withdraw the comment.

(Motion agreed to)

The Chair: All right. We're a happy gang today.

That concludes that. We will revisit the issue with the appendages to the report and probably table it the week after the break.

It is now five minutes to 12. We're going to take a five-minute break and resume discussion of Canada-South America trade relations in terms of Canada and Colombia, and we'll hear from the Canadian Cattlemen's Association.

● (1155)

(Pause)

● (1210)

The Chair: I'll resume the meeting and welcome our first witness, our only witness today, on the consideration of Canada-Colombia trade relations. As I mentioned earlier, our witness today is John Masswohl, who is director of government and international relations with the Canadian Cattlemen's Association. John has been with us before and we're pleased to have him back.

The usual process will apply. Mr. Masswohl will begin with an opening statement, followed by questions from the committee. So without further ado, I'm going to ask John to begin. If you could keep it under 10 minutes, that will give us time for sufficient questions following your presentation.

Mr. John Masswohl (Director, Governmental and International Relations, Canadian Cattlemen's Association): Good. Thank you, Mr. Chairman. I might even keep it under five minutes for the opening statement.

Again, thank you for the opportunity to appear before you again. The last time I was here to speak on Colombia, I was stressing the importance of Canadian beef being treated at least as favourably in our agreement as U.S. beef is treated under the Colombia-U.S. agreement.

At that time I said the jury was still out as to whether this agreement would satisfy that requirement for the beef industry's support, but today I am very pleased to report that Canadian beef has received very favourable terms in the Canada-Colombia free trade agreement, and the Canadian Cattlemen's Association is very much in support of implementing this agreement.

Initially, we will have annual duty free access for 5,250 tonnes of beef, split equally into three categories, while the 80% tariff is phased out over 12 years. The three categories are high-quality beef, standard quality beef, and offals. In the high-quality category, it was very important to us that trading partners recognized that Canadian prime and all three of Canada's A grades—that's the single, double, and triple A—were recognized as comparable to USDA prime and choice. That recognition was achieved in the Colombia FTA, and we hope that will be a standard in all of Canada's future negotiations.

When the Canadian and U.S. agreements with Colombia are both implemented and fully phased in, both U.S. and Canadian beef will have unlimited duty free access to Colombia, and that's precisely what we were seeking. During the transition period, if both the Canadian and U.S. agreements with Colombia were to be implemented at the same time, the U.S. would enjoy some higher quota limits and slightly shorter phase-out periods. However, it's uncertain at this point when the U.S. Congress intends to ratify that agreement. So our belief is that there's an opportunity for Canadian beef to get a foot in the door if Parliament can ratify our agreement quickly.

To be blunt, the longer phase-outs for Canadian beef are not a concern if Parliament takes advantage of the opportunity to get ahead of the U.S. in the Colombia market. So we do urge you to move quickly on approving Bill C-23.

Another important matter to us, as the committee will be aware from the Korea negotiations, is that any trading partner that wants to reach an FTA with Canada must not retain any lingering BSE trade restrictions. We're pleased that Colombia has lifted all of its restrictions in this regard. In fact, the CCA sent representatives earlier this year to accompany Mr. Ritz on one of his missions to Colombia, and we sense a lot of goodwill on the Colombians' part to remove that impediment, and they have since done so.

So as far as the beef industry is concerned, with Colombia, it's thumbs up and full steam ahead. With those opening comments, I'd certainly be pleased to take your questions, either on Colombia or any other negotiations or trade issues that you want to raise today.

• (1215)

The Chair: Thank you very much.

I think we're going to turn first to the Liberals. Mr. Cannis will begin and share his time with Mr. Bryson. We're going to try to keep it to seven-minute rounds in the first, and then we might get a second round in.

Mr. Cannis.

Mr. John Cannis (Scarborough Centre, Lib.): Thank you, Mr. Chairman.

Welcome. I'm pleased to hear that now everything seems fine and quota has received very favourable support.

Could you just take us back to prior to being favourable to the agreement, to Bill C-23? What happened? How did we get to a favourable state, number one? Number two, I sense that you're telling us to ratify this agreement, Bill C-23, ASAP, so that we would have an edge on our competitors. Could you walk us through that.

Also, how does our agreement today with Colombia, the FTA with Colombia, compare to what we had before? Has it been enhanced? Where has it been enhanced and what kind of plateau have we set for future negotiations with other countries?

Thank you.

Mr. John Masswohl: The process of how we got from where we were during the negotiations is basically the story of the negotiating process. The last time I was here the details were still subject to negotiating confidentiality, but at that time, what Colombia was offering was certainly much less favourable for Canadian beef than for U.S. beef.

We actually went down and visited with the Colombian cattle producers association. We established a relationship, a dialogue back and forth. We told them what was important to us, and we really sensed that getting an agreement with Canada was a high priority for Colombia. So I think they got the message that beef was a deal breaker and that certainly helped out.

Of course, we had very close contact with the negotiators, at the Department of Agriculture, at the Department of Finance, and at the Department of Foreign Affairs, and they were certainly very eager to understand what it was.

The point about explaining why Canada has different quality grades—the double A, the triple A—and why they were comparable to USDA prime and choice was a very technical and very difficult one to get through. They initially said, for the U.S. it's only two grades, so how come it's four for Canada, and we had to explain our system. I guess I'm only pleased we were successful, and now that we've gone through that effort, we certainly hope that's the bar to meet in future negotiations.

In terms of getting the edge over the U.S., as I compare what Canada and the U.S. got in their agreements, with the U.S. agreement their phase-outs are 10 years. The Colombian tariff is 80%, so their tariff at 80% will go down over 10 years for the Americans.

For Canada, the 80% will go down over 12 years. But if we can get our agreement implemented sooner than the Americans, that's not as much of a concern. There's also a provision in our agreement that if the U.S. implements within two years of Canada, then we get to catch up with the Americans. There's an acceleration clause in there, and that was something that was important to us.

It was a perceptual thing for the Colombians, because they knew it was going to be a slow process in the U.S. Congress, and they didn't want the Americans to get too far behind. So those dynamics certainly came into the thing.

Comparing with some of the other agreements, I think we've not made a secret in the past that we don't blindly support just any agreement. I guess we've had some discussion before about the EFTA agreement, that there really was nothing for beef in there. But I think we've made those comments, they have been heard, and I guess we see with Colombia that the outcome was very much more favourable than previously.

•(1220)

Mr. John Cannis: That's good news, and I thank you for the excellent responses.

In order for us to overcome that two-year gap, it's up to us as a government to move ASAP on Bill C-23.

Mr. John Masswohl: Absolutely.

The Chair: Thank you.

Mr. Brison, for three minutes.

Hon. Scott Brison: Thank you, John, for being with us today.

I have a couple of points. One is that Colombia's agricultural industry is primarily horticultural. There's not a very significant beef industry in Colombia at this time, but it represents a growing market for exports of beef to Colombia. It strikes me as another example where there are synergies between comparative advantage of what Colombia does well and what we do well. We're stronger on livestock and beef and they're stronger in some areas of horticulture. So there does seem to be a synergy.

Number one, does your counterpart organization, the U.S. Cattlemen's Association, support the ratification of the U.S.-Colombian agreement? Number two, if the U.S. gets an agreement first, what will be the effect on the Canadian industry?

My understanding is that the Democrats in the U.S. have moved quite significantly on this, particularly on the administration side of Pennsylvania Avenue. What would be the effect on the Canadian opportunity in Colombia if the U.S. were to ratify their agreement before ours?

Mr. John Masswohl: It may just be terminology there, but both Canada and the U.S. have agreements. Neither of us have ratified them yet. And because of that we know what's in both of those agreements, so this bit of lag in the transition period can be overcome if we move fast.

As I looked at the U.S. agreement, theirs was concluded while we were still negotiating. We were somewhat concerned that they were going to get too far ahead of us, because it's the first one in there who makes the contacts and starts to deliver the product. Then you have to not just walk in and take advantage of the opportunities, you also have to take someone else's business away. So if we can be the first ones to get the foot in the door, the onus is on the Americans to try to take away from what we've established. We'd rather be in that position of being first.

When we went down to Colombia last year, it was not long after Congress had used some mechanisms to delay activity in Congress. That certainly made it more difficult for our negotiators, because that spread out the timeline somewhat for the Colombians—for some of them; for some it speeded it up. So you had conflicting things going on.

Because a lot of U.S. groups have started to notice that Canada has an agreement now and Canada is moving forward, that has started to put pressure on the U.S. Congress. And the National Cattlemen's Beef Association is one of those organizations that is very much in favour of getting that access for U.S. beef into Colombia.

So you're right. I have noticed over the last couple of months that maybe it's working its way up the radar screen, and I think that says to us that we really need to get moving and not miss this opportunity to get in there first.

•(1225)

The Chair: Thank you, Mr. Brison.

Monsieur Cardin.

[*Translation*]

Mr. Serge Cardin: Thank you, Mr. Chair.

Good day and welcome to all of you.

I know that I have already met you, but I'm drawing a bit of a blank. What are the current figures in terms of overall beef and beef product exports?

[*English*]

Mr. John Masswohl: Well, we haven't shipped any since before 2003, because of the BSE restrictions. We've been shut out of that market since that time. Before that our shipments were fairly minimal. You can imagine the effect of an 80% tariff. So that's one thing we're looking forward to.

But the other thing that's happened in those six years is that the Colombian market has changed considerably; there is a growing middle class. So our estimate right now is that we expect to be able to ship about \$6 million worth of beef and another \$1 million worth of cattle genetics. Then once the FTA gets fully implemented, we expect that to roughly triple to about \$20 million per year.

[*Translation*]

Mr. Serge Cardin: What are the current numbers?

[*English*]

Mr. John Masswohl: Right now it's zero.

[*Translation*]

Mr. Serge Cardin: But that figure could soon rise to \$6 million. At one point, someone said that if an agreement were signed quickly, the volume could increase to 1,750 tonnes in the not-too-distant future. You maintain that this would give us an advantage over the United States.

How soon would we see this \$6 million increase? Let's suppose the agreement was signed tomorrow.

[*English*]

Mr. John Masswohl: Right. If we had that access tomorrow...and in fact we got that access yesterday. The minister has been to Colombia twice this year and received a commitment. That commitment was finally delivered by the Colombians yesterday. As of yesterday we have agreement on the export documents, so we can start that shipping, as you said, tomorrow.

We believe now, with that access established, in the next year we will ship roughly \$6 million, and it can start as soon as somebody makes a sale.

[*Translation*]

Mr. Serge Cardin: These \$6 million in sales to Colombia would translate into how many jobs for Canada?

[English]

Mr. John Masswohl: In the cattle and beef industry, there are 86,000 beef cattle producer operations in Canada. It is the largest sector of agriculture in Canada. To put that in perspective, there are roughly 32,000 to 33,000 supply managed producers. So it's very large on the cattle side.

I don't have the exact number of jobs in my head, but there are thousands of workers in plants—for example, in the Levinoff-Colbex beef plant just outside of Montreal. Thousands work collectively in Guelph, Ontario; in High River, Alberta; in Brooks, Alberta. That's largely where those exports will come from. They'll come from the federally inspected facilities.

I'm just trying to think if I have covered your questions. You mentioned the 1,750 tonnes. Each of the three categories will receive 1,750 tonnes under the free trade agreement. So the three total to 5,250 tonnes together.

The six million that I was referring to is the trade that could occur now. Once the agreement is implemented and fully phased in, we think that six million can grow to twenty million.

• (1230)

[Translation]

Mr. Serge Cardin: What do these sales represents in terms of Canada's overall production?

[English]

Mr. John Masswohl: Our total beef production? I'll just give you a rough rule of thumb. One tonne of beef is roughly four head of high-quality cattle. So if we're talking 5,000 tonnes, we're talking roughly 20,000 head of cattle. If we produce approximately five million head of cattle per year, 20,000 out of five million is about half a percent of our production.

Is that the right math?

[Translation]

Mr. Serge Cardin: So then, they represent 0.2 % of production.

That's a very low figure, from a production and exports standpoint. How is Colombia faring on the issue of human rights? Normally, we want to do business and we are not necessarily responsible for what's happening elsewhere. However, the committee's report on Colombia made it clear that the human rights situation needed to improve before Canada signed a free trade agreement with the country.

Are you concerned about the situation in Colombia? Should we have been negotiating a free trade agreement and at the same time asking for Colombia's firm commitment to improve human rights?

[English]

Mr. John Masswohl: To be frank with you, I'm interested in making the lives of Canadian beef producers better. I think this agreement and other trade agreements do that. It may be 1% or it may be half a percent. What access to international markets does beef producers is it makes their animals more profitable overall. We've certainly seen this as a result of BSE and having our markets closed, where overnight we went from exporting 60% of our production to exporting nothing. And it's been six and a half years.

It's been a long haul. We're still on that road. So this may be getting half a percent or getting 1% back. But we need to add up all those half percentages and get there. That's our concern in making it better for beef producers in Canada.

[Translation]

Mr. Serge Cardin: Within the context of international trade, we have both multilateral and bilateral agreements. Bilateral agreements result in a frenetic race with the United States to take advantage of a given situation. Would you or your association prefer to work within the context of a multilateral agreement to ensure that the rules are the same for everybody, or with a bilateral agreement where advantages are negotiated and some sacrifices often made? What approach does your association prefer?

[English]

The Chair: Be very brief, Mr. Masswohl.

Mr. John Masswohl: In a perfect world, we would certainly say that multilateral has to be the primary way of reaching these agreements. Unfortunately, we're not in a perfect world. There's been difficulty in achieving that multilateral agreement, and Canada has not been part of the solution on the multilateral front. If we can get some opportunities and get some good access for beef in these bilateral agreements, we would certainly support that. But we don't give blanket support to all bilateral agreements. Some we've supported and some we have not.

• (1235)

The Chair: Thank you.

We'll go to Mr. Julian.

Mr. Peter Julian: Thanks, Mr. Chair.

Thanks very much, Mr. Masswohl, for coming before us again today.

You know that the Colombia trade deal is problematic, to say the least. Parliament has not even voted to bring it to committee. It is a profoundly divisive agreement. I know that you're aware of the human rights violations—the killings of labour activists, human rights advocates, aboriginal people, and Colombians of African origin. There are huge problems with this agreement, and because of that, Parliament hasn't voted to bring it forward.

I was down in Washington last week talking to ranking Democrats, and there's very strong opposition among Democrats to the U.S.-Colombia trade deal.

I'd like to get away from the mess that is this agreement, which I've no doubt most Canadians would oppose, and get to what we can do, in a very real sense, to build beef industry exports.

As you mentioned, we're looking at a little bit less than 1% and \$6 million to start. If we look at our overall support for the beef industry, it's fair to say that the government support has been pretty pathetic. Mr. Ted Haney said before this committee in April:

Speaking from the beef perspective for a moment, there's about \$10 million a year available for international promotion of our products worldwide, including the United States. We know that our number one competitor out of North America is funded with approximately \$40 million in direct funding.

That's four times as much. He also said at that time that the difference "is that this is it for us: \$10 million. In the U.S., they have concessions on rental rates of international offices, shared resources that are available out of the agriculture trade offices".

None of the collateral supports exist for Canadian industry really at all. Our level of support is much less. Mr. Haney mentioned Australia. The meat and livestock industry in Australia has a budget in excess of \$100 million. We've done a really lousy job. I'm not pointing anyone out, but the current government has simply not provided the funding to the beef industry to stimulate the exports.

You mentioned, the last time you came before us, the Beef Information Centre. I'd be interested in knowing what the total amount of funding is for the Beef Information Centre. You mentioned that it was the market development arm of the CCA.

I'd like you to talk about the multiplier effect. If we're talking about \$6 million.... I don't deny that this is money in a tough market. But if this government was actually willing to support the beef industry, what's the multiplier effect of providing support equivalent to what we see other countries provide their beef industries? In other words, if you put in \$1, and that has a multiplier effect of \$2, then for \$10 million we could actually increase our beef export market far more significantly than this very problematic deal.

Could you comment on the total resources available for beef marketing and the multiplier effect you found? When there is an investment by the government to provide support for beef exports, how much in equivalent additional sales does that provide?

Mr. John Masswohl: I'll probably disappoint you in that I didn't bring any of those numbers with me, but I would say that in the bigger picture of beef marketing, it's so important to have the marketing efforts and to be in the markets. Of course, you have to have the access. If you have a barrier or a prohibition, it doesn't matter how much marketing you do, you can't get through that barrier.

We've created the two organizations you've mentioned: the Canada Beef Export Federation, which has responsibility for marketing outside of Canada and the U.S., and the Beef Information Centre, which does the marketing in Canada and in the United States. They both have an international function.

Mr. Peter Julian: Could you give us some idea of the resources available for both of those marketing arms?

Mr. John Masswohl: I'm afraid that any number I give you is going to be wrong.

Mr. Peter Julian: Approximately?

Mr. John Masswohl: The funding for the Beef Information Centre is in the millions of dollars.

Mr. Peter Julian: Is it \$2 million, \$5 million?

• (1240)

Mr. John Masswohl: Probably the Beef Information Centre—and they're probably going to kick me for saying this—is somewhere around \$5 million to \$10 million.

Mr. Peter Julian: That would be for the United States and Canada?

Mr. John Masswohl: That's right. A large percentage of that funding comes from what we call the check-off. The check-off is different in each province. In Alberta, for every animal marketed, \$3 is collected and paid to the industry. We've been trying to create a national check-off. This way every province would be setting aside one of those dollars for the national check-off. Once we achieve that mandatory \$1 in every province, then we'll also be able to collect a dollar on beef imports coming into Canada. That's an objective we've been working towards.

Mr. Peter Julian: There is no funding, then, from the federal government?

Mr. John Masswohl: There definitely is. And there is a leveraging opportunity. I'm not positive what the ratio is, but for every dollar that we put up through the industry check-off there is some funding at the federal level. There is also funding from each of the provinces. I think what you were getting at is our ability to leverage those dollars and turn them into actual marketing efforts. We have a pretty good track record on that. We can take those dollars and match them with ours. We also have partnership programs with the beef companies, the companies that turn the cattle into beef and beef into other products, the companies that operate food service restaurants. They also do some matching funding with us. So we're able to take a federal dollar and multiply it a number of times over. I wish I could give you that number.

Mr. Peter Julian: Could you give us some idea of what the stimulation of sales would be? If we're looking at \$5 million to \$10 million, what do you think? Let's say \$10 million—I think that's a little high, given the other facts we have—but let's pretend that's the number. What do you think the Beef Information Centre has been able to stimulate in sales?

Mr. John Masswohl: From a results point of view, before all our markets closed down in 2003, the percentage of Canadian beef that Canadians ate was somewhere in the 60% range. We exported a number of our cows to the U.S., and we exported beef to markets that paid more for it. After our markets were closed down, we didn't have enough slaughter capacity in Canada to process all the cattle we raised. We worked to raise that slaughter capacity. And going hand in hand with that was the marketing effort. This wasn't necessarily consumer marketing. A lot of it was trade marketing to the meat buyers of the processing companies, the meat buyers for the retailers, the restaurants. We were able to use some of those funds—

Mr. Peter Julian: I'll cut you short because my time is—

The Chair: —over.

Mr. Peter Julian: Do you have a rough amount you can provide to the committee? If this investment has led to a multiplier effect of two or three, and we've stimulated \$20 million or \$30 million in additional beef sales, it would make a lot more sense for this government to withdraw Bill C-23 and invest the money in stimulating more beef sales.

The Chair: I'm sorry, John, we're over the time.

Mr. John Masswohl: I'd like to think we could do both.

The Chair: Mr. Holder.

Mr. Ed Holder: Thank you very much.

I'd like to welcome our guests back again to this committee. It's good to see you here. I have a couple of questions for you.

I always feel compelled, when I'm in this kind of spot after I've heard various members speak, just to clarify a few things in my mind. Maybe it's me, but I sometimes get somewhat confused about whether some things are fact or fiction. The first point I'd like to say is that it sounds like you have no beef with the beef, if I might be half clever on this.

You've said, sir, that for six and a half years there have been no beef sales in Colombia. As far as I can tell from the math that I was taught as a young kid, zero is zero. If you're not putting any production into Colombia, there's not one dollar being helped to support our beef industry in that particular country in the world. I have heard some folks talk about a small percentage, but quite frankly, I look at it over six and a half years, and not only have you been shut out of that market for six and a half years—which at a minimum would have been, by my math, over 100,000 head of cattle over that six-and-a-half-year period, by your calculations—but at the same time, it would have been allowed to mature. By your comments, it is \$6 million in year one as soon as the tap gets turned on, maturing to triple that or around \$20 million by the time you're basically in full production there.

I heard some comments that some people are finding this Colombia free trade deal problematic, and that's why it hasn't passed. In fact, my sense is that some parties have tried to make this a political football, and what they've truly done is put amendments and subamendments to block this deal, because there's no deal that they're prepared to accept, full stop. What they have effectively done is to say to the beef industry that they're turning their backs on you. That's what I'm hearing them say. I get troubled by that.

I really struggle with that as an attitude, because what would you tell beef farmers in Quebec, Alberta, Ontario, or B.C., the four provinces you mentioned? What would you tell them if this deal didn't go through? I believe it will ultimately, but it gets delayed because some parties decide they want to...I'll say filibuster this free trade deal.

• (1245)

Mr. John Masswohl: What we do tell them is how important trade is to their profitability, to their ability to sell cattle at a price they'd like to get for it. I think beef producers know what an impact having all of our market shut out in 2003 has had on beef prices, and we still have not fully recovered from that. On the Colombia agreement, just on the face on it, if we did nothing else, the \$6 million is certainly not insignificant if you want to put it in the context of many billions of dollars of the industry. You wonder if that is a big difference or not.

That said, where do you draw that line? We want them all back. We're not going to sneeze at \$6 million. That's going to be important to contributing to getting the profitability back. We want Colombia. We want the next one. We want Korea. We want COOL dealt with in the United States. We want an agreement with Europe. We want a WTO agreement, and we'll take the marketing dollars as well.

Mr. Ed Holder: I sincerely hope that political parties around this table have heard that, because I think it speaks to the very potential for survival and growth in the beef industry. You're right. It isn't just one country. It's where you go from here. It's another piece in a larger international puzzle.

I was noting the comment you made that government support was four times greater in the United States than in Canada. By my recollection, their population is ten times larger than ours. Is it fair to say, from your sense of it, that we spend more on beef promotion than the United States, if we look at it on a per capita basis? Is that a fair comment?

Mr. John Masswohl: I'd have to double-check that, but maybe. I'm not sure.

Mr. Ed Holder: How ready is the cattle and beef industry to go into Colombia? How quickly could you go in?

Mr. John Masswohl: Yes, we're ready. We've been there.

In fact, one of the staff at the Canada Beef Export Federation, who has accompanied us on these missions a couple of times, is actually a native of Colombia. It's been very helpful to have him on these missions in terms of just having that local culture. As we've been down on these missions, we haven't just been having meetings with government officials and cattle producers. We've been having guys go in there and meet with the retail chains and get to know people. So I think we're ready to get rock and rolling on this.

Mr. Ed Holder: I want to come back to Canada and the United States both dealing with the issue of their free trade agreements with Colombia and the impact it has for Canada to be there first.

I cannot see any advantage to Canada in waiting and allowing the United States to usurp our position in beef production by getting there first. As a business person, I understand that if I'm first in the marketplace I will have some opportunities that others won't have. So to delay it so that we can play catch-up with the United States when we have an opportunity to be ahead of the curve on this... What is the impact on your industry of being ahead?

• (1250)

Mr. John Masswohl: We know we're playing catch-up with the Americans in a number of markets. We had to play catch-up when Taiwan and some other markets opened. We'll be playing catch-up when Korea eventually opens. Here we finally have an opportunity to get ahead of them. We want that opportunity and we need Parliament to deliver that opportunity for us, because it's sitting there for the taking.

The last one I can think of where we got in ahead of the Americans was Hong Kong, and we've done very well in Hong Kong since we opened up. Being there first has definitely helped.

Mr. Ed Holder: Can you elaborate on that a little?

Mr. John Masswohl: It goes back to the BSE restrictions. Hong Kong shut down to both Canada and the U.S. in 2003, and in 2004 we were both negotiating with Hong Kong. They had a requirement that they wanted us to implement a certain protocol on how the carcass was split and the use of certain equipment. We were willing to do it, but the Americans weren't. So we did and Hong Kong opened up to Canada. The Americans held out for a better deal and eventually got it two years later. But we were certainly ahead of them, and that has paid off for us.

Mr. Ed Holder: Good for us.

Thank you, Mr. Chairman.

The Chair: Thank you, Mr. Holder. Those were great questions.

Mr. Brison.

Hon. Scott Brison: If you'll agree, Mr. Chair, I'd like to ask Mr. Masswohl a question on country-of-origin labelling.

The Chair: Yes.

Hon. Scott Brison: Mr. Masswohl and I were at the PNWER conference in Boise, Idaho, this summer. He was on the panel. I think the head of the National Grocers Association in the U.S. said that country-of-origin labelling was going to increase the price of U.S. groceries by \$3 billion in the first year of implementation and \$2 billion every year after that.

I'd like your advice, Mr. Masswohl. From our perspective here in Canada, in the last year or so we have seen the western hemisphere travel initiative, which thickens the border, go through Congress. We're seeing country-of-origin labelling and "buy American" provisions. Every time you turn around there's something else that creates an artificial barrier between our economies.

This is not a partisan question, but how can we better defend Canadian interests in the U.S.? How can we better align our Canadian interests—in this case the livestock industry and country-of-origin labelling—with U.S. organizations and groups like the National Grocers Association?

Other countries are hiring lobbyists in Washington and taking their cases directly to the congressmen's districts. They're running ads, along with the National Grocers Association, saying, "If Congressman B votes in support of this legislation he will be adding \$200 a year to your grocery bill", or whatever. They're taking very aggressive approaches.

Should we be reforming how we deal with the U.S. and taking a more mercenary approach? For France, the U.K., and other countries we use our ambassadors and that's it. But in the U.S. should we be taking a different approach? Should we align our commercial interests with their commercial interests more directly and have them put pressure on their congressmen and senators?

You have spent a lot of time down there. I'm interested in your views.

Mr. John Masswohl: I think what is very different in the U.S. versus either Ottawa or other countries, where the traditional diplomatic means maybe work a little better, is that in the U.S. Congress, every congressman and senator is basically independent. Sure, there are some party-line votes and that sort of thing, but they

can all introduce bills, and all those bills can move. On the way they can introduce amendments, you have to be on top of all of them and have relationships established.

So we try to be very active at the state level, the local level. We have found that by the time issues get to Washington, it's too late, because the congressman or senator is going to vote the way the people back home want them to vote. I try to go to a lot of PNWER conferences, state cattle meetings, and local meetings.

A couple of days ago I was down at the Texas Cattle Feeders, and they had a panel with Safeway and Food Lion. They were saying very similar things to the gentleman who was in Boise. It has cost them billions of dollars, with no benefit to consumers. They said they've received basically no food safety comments. There's been very little curiosity from their customers. Think of the millions of customers those two organizations have, yet they've received fewer than 100 questions or comments. So you have to wonder.

But that's the opportunity you get when you meet folks like that. We need to take advantage of those relationships and basically give them some homework to do. So that's what we try to do in the U.S.

On an issue like country-of-origin labelling, I think we'll eventually turn the tide by working with those organizations and the cattle organizations that are against it. Texas Cattle Feeders are very much opposed to country-of-origin labelling, because they feel that eventually it's going to cost them some of their members. Some large feed lots will probably not be able to compete in the long run because of a law like that. It adds costs but has no benefit.

• (1255)

Hon. Scott Brison: Thank you very much.

The Chair: That's very helpful. I appreciate that sidebar. That's good information.

I think it's time to herd this to a conclusion. Maybe we can ask for a round-up.

Mr. Keddy, steer us in the right direction here.

Mr. Gerald Keddy: Thank you, Mr. Chairman.

Welcome to our guests. We only have a couple of minutes showing on the clock, so I won't take a lot of time.

On Mr. Brison's question about country-of-origin labelling, we've met with our American counterparts on that. We also recognize the seriousness of that whole issue on beef and pork in particular.

Relative to the free trade agreement with Colombia and other free trade agreements that are out there, I'm thinking about the free trade agreement we've signed with Jordan. I think there is excellent potential for beef exports to the Middle East and North Africa. If we don't start taking advantage of these bilateral trade agreements....

I appreciate what you said about multilateral form, and I agree with you. But the reality is that Doha has ground to a crunching halt and is barely inching forward. So we're forced into signing more bilaterals. And there's the potential for not one or two of these, but for Colombia, Panama, Jordan, and the European Union. You build a critical mass. I think that's the safety belt for our beef industry and our pork industry against increased protectionism like COOL in the United States.

Those are just comments.

Mr. John Masswohl: Definitely having diversification with more options is always better. On the Jordan one, I understand there were some good results in that FTA for beef. There's also Panama, and I think we're still waiting to see all the details on that one. But Europe is the jewel. Europe has a market of eight million tonnes of beef per year, to which we currently have virtually no access. We have to get that one open. Beef has to be front and centre. I don't see how Canada can sign that agreement without getting access for beef into Europe. So that certainly has to be a high priority.

● (1300)

The Chair: Thank you, Mr. Keddy.

Thank you again for a great presentation. I think you got through a bunch of questions there, and as usual you handled them very well.

With that, we are adjourned.

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