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Chair

Mr. Larry Miller

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• (0850)

[English]

The Chair (Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC)): I call the meeting to order.

We have a great crowd here today; you'd think the minister was here or something....

Welcome, Mr. Minister. Before we get into it, we'll allow you to take the time you wish for opening remarks. We thank you and all your staff for being here today.

Without further ado, we'll turn it over to you.

Hon. Gerry Ritz (Minister of Agriculture and Agri-Food): Thank you, Larry, Mr. Chairman. It's a pleasure to be here. I'm told you're going to keep your eye on the proceedings today.

I'll tell you, I really feel comfortable in this group when I look around and see all these cookie dusters that everybody's sporting.

Voices: Oh, oh!

Hon. Gerry Ritz: It's great to be back. I'm here today with a lot of agricultural staff from CFIA and from the agricultural department as well, as you well know. Not unknown to you are John Knubley, deputy minister, and Rita Moritz, program director. From CFIA we have the president, Carole Swan, and Paul Mayers, from the programming side.

Paul just got back in from Belgium late last night, so if he nods off, don't hold it against him.

I have a few opening remarks that I'd be happy to share with you.

We know that agriculture is the backbone of Canada's economy. That's why we put farmers first in all of our policies and programs.

As you know, Mr. Chair, in January of 2006, Canada's farmers gave this government a mandate to give them the tools they need to succeed. Since we've taken office, this government has delivered \$12.8 billion to help build a profitable, competitive, innovative, and sustainable agricultural industry.

We continue to strengthen the agricultural industry even further. The estimates you have before you—and I know that's what we'll concentrate on here today—show an additional \$290 million, bringing the department's total budget to \$3.3 billion. This represents an increase of \$696 million, a 27% increase over last year's spending. These new investments deliver on the government's promises to help farmers affected by flooding this year and to support a competitive livestock industry into the future.

Our Growing Forward programs, which are cost-shared and provincially delivered, strengthen food safety, marketing, innovation, environmental services, and farm support. They provide regional flexibility in programming that helps farmers make their money from the marketplace. This allows the consumer, both domestically and internationally, to have access to the top-quality products that our farmers and processors are rightly proud of.

This government is taking concrete steps to open new markets for our exporters, while always protecting our supply-managed sector. Unlike the previous government, this government has focused on actually talking to farmers, finding out what's working and what's not, and making the adjustments.

We've teamed up with Canadian industry associations to make sure we're all rowing in the same direction, hitting the right targets, and fixing what farmers want fixed. Industry and I have hit the road and knocked down doors in more than 20 different markets, some more than once. We're reopening markets, some that have been closed to Canadian producers for almost a decade, and creating new market opportunities that will help farmers boost their bottom line. We've been to India and Turkey to secure our pulse exports and to Colombia to get our beef into South America.

Asia has been a real focus, and in particular, China, Japan, and Hong Kong. Almost a year ago, the Prime Minister announced full pork access for China and full access to Hong Kong for our great Canadian beef. In June, China also agreed to a staged approach for beef access. We will begin those commercial shipments shortly.

Despite continued restrictions from China for canola seed, we were able to negotiate transitional measures for the current crop year, a market that is still worth in excess of \$1 billion. Of course challenges still remain, but we won't rest until we have unfettered access, based on sound science, in all these markets.

I'm proud to report that Canada's agricultural exports have risen by 8% in this year alone. This is tremendous news for our front-line farmers. Once consumers around the world taste our high-quality Canadian products, I know they'll continue to choose Canadian when they go to their grocery stores.

We're also working bilaterally through free trade agreements. Step by step, market by market, this government is opening up new markets for our farmers and exporters. We've received a lot of support from the industry for our work on trade; this not only strengthens our efforts, but also proves to me that we're on the right track. I also appreciate that this committee was very supportive of the market access secretariat in the report you did on competitiveness.

Farmers can only benefit from new sales on the world stage if their business is solid here at home. Since we took office, \$7.5 billion has been directly invested to farmers through the business risk management programming. Most recently, when prairie farmers were hit with severe flooding, four governments came together and responded with an unprecedented relief package of \$450 million that was made available to hard-hit farmers. This was the fastest and largest assistance package in history. The industry, including the Canadian Federation of Agriculture, the Saskatchewan Canola Growers Association, and the Keystone Agricultural Producers, was very appreciative of the speed with which these dollars got to the farm gate.

We also gave our hog, cattle, and durum producers more breathing room on their advance payment loans. This was also very much appreciated. Ron Bonnett, the president of the Canadian Federation of Agriculture, said, "This Stay of Default provides the critical extra time necessary for many producers to get products to market before having to make their APP repayments".

These programs have been there when times are tough for Canadian farmers while our economic action plan is helping to build a vibrant farm gate. Through that plan, we are investing in long overdue upgrades to our laboratories and slaughter facilities so our farmers can have the tools and products they need to continue to succeed.

This government also knows that innovation is a key to competitiveness. Innovation allows our farmers to tap new value-added markets, ensuring they remain prosperous while also backstopping our environment.

Our new science and innovation programming under Growing Forward puts a strong emphasis on industry leadership and investment as the way to build a more innovative and competitive agricultural sector. Our investment of \$115 million in research clusters and industry-led projects has leveraged an additional \$42 million from our industry partners. That's also why we oppose Bill C-474, which would stifle that innovation. As I said, innovation drives prosperity. It's critical that trade remain firmly based on sound scientific principles.

Safe food is also the foundation for growing market access and overall economic success. Of course, we are fully committed to ensuring that Canada's food safety system remains one of the best in the world. We've delivered the resources needed for the Canadian Food Inspection Agency to improve food safety and protect the health of Canadians.

Our ongoing actions to improve food safety will ensure that consumers at home and around the world can continue to have confidence in Canadian foodstuffs. We've increased CFIA's inspec-

tion staff by 538, or 13%, since March 2006. Furthermore, we've increased the agency's budget by 13% this past year alone.

Mr. Chairman, these investments, regulatory changes, and program improvements have paid dividends already. Among the 17 OECD countries, Canada is ranked number one for its superior recall regulations. Recent public opinion research shows that Canadians trust Canadian-produced food. In fact, more than a third of consumers are more confident in food safety now than they were five years ago. That is a trust we are committed to maintaining by making sure that Canada continues to have a robust food safety system.

We renewed this commitment again last September when our government announced that we would act on all 57 recommendations made by the Weatherill report. We delivered on that promise with an investment of \$75 million to backstop Canada's food safety system. This investment is improving CFIA's ability to prevent, detect, and respond to food-borne illness outbreaks.

On the inspection side, CFIA has worked with independent experts to assess the compliance verification system, which is proving to be a strong and effective inspection tool. Furthermore, the government is providing 24-7 service to provide health risk assessments for food safety investigations. This supports a national initiative to improve collection, reporting, and analysis of a wide range of health information.

We are also informing the public through various means so they can get minute-by-minute updates on any food safety risk. We have a new food safety portal, which is a one-stop shop for excellent food safety information. We're also engaging with Canadians through national public information campaigns, Twitter, and Facebook.

More proof of our actions can be found in the government's recently released food safety progress report. That report clearly shows that this government is making significant progress on all 57 recommendations.

Today I'm pleased to announce that the government has taken yet another step to strengthen Canada's food safety system. Our government has appointed seven highly qualified advisers to the minister's advisory board, which fulfills another recommendation of the Weatherill report.

Today's announcement is just one more way in which we're improving an already world-recognized food safety system. This highly qualified and diverse advisory board builds upon our government's increased investments, hiring of more inspectors, and enhanced listeria testing.

The advisory board includes a diverse group of experts who will deliver advice on food safety and other issues related to the CFIA's mandate. This outstanding group of Canadians will be a vital external source that will advise on how to further strengthen our food safety systems. I look forward to receiving the advice of the board and, together, making Canada's food safety system even better.

In closing, I think everyone around this table shares my optimism about the future of this great sector; otherwise, we wouldn't be here. With innovation, Canadian farmers can look forward to a future with stronger trade partnerships, a more sustainable environment, and more profitable farmers, while making sure that families here and around the world continue to have access to our top-quality foodstuffs. Our government knows that when Canadian farmers succeed, they stimulate the economy, create jobs, and increase prosperity for all Canadians.

Thank you, Mr. Chair.

• (0855)

The Chair: Thanks, Mr. Minister.

I should also thank Ms. Moritz, Mr. Knuble, Ms. Swan, and Mr. Mayers for being here.

This is just something that I usually point out when the minister and department staff are here:

The obligation of a witness to answer all questions put by the committee must be balanced against the role that public servants play in providing confidential advice to their Ministers. The role of the public servant has traditionally been viewed in relation to the implementation and administration of government policy, rather than the determination of what that policy should be. Consequently, public servants have been excused from commenting on the policy decisions made by the government.

I'll ask all of you to keep that in mind, and I know you will. We'll go with five-minute rounds.

Hon. Wayne Easter (Malpeque, Lib.): No, we want seven minutes, Chair.

The Chair: Seven? Okay.

I needed unanimous consent and I don't have it.

Mr. Easter.

Hon. Wayne Easter: Just before we start, Mr. Chair, before the clock starts to tick, can you tell us who will be here after the minister's shorter-than-two-hour appearance?

Mr. Pierre Lemieux (Glengarry—Prescott—Russell, CPC): Is that a loaded question, Mr. Easter?

Hon. Wayne Easter: No.

The Chair: We have Mr. Greg Meredith, assistant deputy minister, strategic policy branch; Ms. Moritz; Mr. Pierre Corriveau, assistant deputy minister, corporate management; Mr. Mayers from CFIA; Mr. Baker—

Hon. Wayne Easter: Will the president of CFIA be here?

The Chair: No: Mr. Mayers, Mr. Baker, Mr. Prince, and Ms. Dubuc.

Hon. Wayne Easter: Okay. Because we may have questions that only the president can answer, but in any event, we'll get to that later.

A voice: [*Inaudible—Editor*]

Hon. Wayne Easter: Yes, but I have questions I'd rather ask you, dear Minister.

Voices: Oh, oh!

Hon. Wayne Easter: You went through a lot of things on the budget, Minister, but the key is how much of that budget is getting down to primary producers, so I guess I'd start where we left off yesterday in the House, where you and I seemed to be on two completely different wavelengths.

In my discussions with hog and beef producers, in all sincerity, I'm told horror stories. There were three foreclosures in the last two weeks that I had to deal with, all three from Farm Credit. There was another one this week. Basically, I'm hearing stories of despair and loss of hope from beef and hog producers, yet you seem to think that everything is great, and you seem to be backed up in that assessment by organizations.

Minister, here's my question to you: do you really, really believe that there are not any problems out there in the hog and beef sector at the moment?

• (0900)

Hon. Gerry Ritz: I guess it would depend on your definition of "problem," Mr. Easter. Of course, there are always situations in certain sectors of this country, it being as diverse and as far-flung as it is, and here are always people who are under duress, whether it's weather related or related to market access. We continue to work on those with the affected region, with the affected province.

You mentioned some foreclosures. As far as I understand, those are still before the Farm Debt Mediation Service. No one is being foreclosed on at this particular juncture.

Hon. Wayne Easter: These actually were through some time ago, so these are different from the ones we talked about previously.

Hon. Gerry Ritz: Okay.

Hon. Wayne Easter: But the difficulty comes... You mentioned your August 6 announcement about the stay of default under the emergency advance payment program. The problem with that is that also included in that announcement was a fixed pay schedule and that is impossible for many producers to meet.

Your comment at the time was that when prices improve... Well, prices haven't improved, and I'll quote a letter that you have on your desk. I don't want to use the person's name; I'll talk to you confidentially on that. But this is her letter to you:

Only two years have past since the government made this generous offer and now the same government is "pulling the plug" by insisting that the APP funds be repaid. The request for repayment is compounded by enforcing rigorous/tight repayment terms. About 80% of hog producers have already gone out of business in P.E.I. in the last couple of years, and only a hand full of farmers benefited from the hog transition program.

She goes on to say, “It is inconceivable how government officials think that producers have come out of this disaster and have the financial means to repay this disaster money today or even over the next 5 years”.

What you're going to do is drive the hog and beef farmers into default, especially those in eastern Canada, if you stick to the repayment terms made in your announcement of August 6. Are you considering any other options?

Hon. Gerry Ritz: Well, Mr. Easter, as you well know, with government processes nothing can be left open-ended. Treasury Board guidelines, different situations that we all face, will never allow that to happen.

I also have a quote here, from John Jamieson. I'm sure you know John, the executive director of the Prince Edward Island Federation of Agriculture, who said just a couple of days ago about the hog industry on Prince Edward Island that we're still marketing approximately 100,000 animals a year, so our industries are still quite good.

I'm getting mixed signals. John, who is on the ground every day in Prince Edward Island, and you, with your political spin, are in two different situations.

Hon. Wayne Easter: Well, let me, Minister—

Hon. Gerry Ritz: Having said that, as I said, none of these programs can be open-ended. We must have stipulations and collection situations in the programs as they go out. Certainly, we'll assess at the end of the day exactly what's needed for the sector.

Hon. Wayne Easter: Well, let me tell you, Mr. Minister, this is not political spin. I deal with these calls every day. I call farmers across the country. They call me. This is reality. Their lives are going down the tubes. If there isn't a change to that repayment term, those producers will be in default.

Let me give you another quote. You want to talk about quotes? I'll give you one from Linda Oliver. You should know her. She's from Saskatchewan.

Because the quotes you give me from organizations, I'm concerned about.... She said, and I quote: “I spoke to John Masswohl”, who, as you know, is with the Canada Pork Council—

Hon. Gerry Ritz: No, the Canadian Cattlemen—

Hon. Wayne Easter: The Canadian Cattlemen's Association, rather.

—“and he told me not to get too excited about Question Period—he said it was a joke”. He may be right on that point. To quote: “He said that the CCA has an unspoken agreement with the Min[ister] of Ag[riculture] office—if they do something good—we comment on it—if they do something bad—we don't say anything and we will be allowed into the office again”. That's the end of the quote.

Do you have an unspoken agreement with organizations whereby they curry favour with you, and if they don't, if they criticize you, you slam the door and don't let them in the door?

• (0905)

Hon. Gerry Ritz: No, sir, we do not.

A voice: Point of order.

The Chair: Mr. Storseth has a point of order.

Mr. Brian Storseth (Westlock—St. Paul, CPC): This is totally unfair to Mr. Masswohl, who is not here to defend himself. He is taking a quote from a third party and slandering somebody who is not even here to defend himself. I don't think that's the role of the committee—

The Chair: I agree, but I'm going to allow Mr. Ritz to comment on it.

Hon. Gerry Ritz: I did comment, Mr. Chair. No, we do not. We treat organizations with respect, as they do us.

Hon. Wayne Easter: Mr. Masswohl can expect the question the next time he's before the committee. In fact, I've already talked to the Canada Pork Council...some people on it.

Hon. Gerry Ritz: It's the Canadian Cattlemen for John Masswohl—

Hon. Wayne Easter: The next issue I have to get to, Mr. Minister, is the Interlake region. I want to deal with costing review first. We know that Transport Canada is basically looking after the railway companies very well. They did the service review and are basically letting the railways off the hook on that.

We know for a fact that based on the study by the Canadian Wheat Board, the railways had excess profits of \$123 million in 2007-08, and \$275 million in 2008-09. Yet the government, backed up by these guys over here, failed to initiate a costing review.

Is anybody fighting for farmers around that table or is it just all to the benefit of the railways and others?

Hon. Gerry Ritz: Well, we don't have to go that far back in history, Mr. Easter, when you were sitting in a government for 13 years, a government that did not do a costing review. It was your government—Mr. Goodale from Saskatchewan—who pulled the Crow rate out without doing the deregulation that was the flip side of that coin and that would have given farmers a chance to value-add. I don't think we have to take any lessons on rail freight from you or your government.

Having said that, we're always concerned about situations where there are monopolies in place. We want to make sure that this monopoly, if it's to survive to the detriment of farmers, does the right thing—

Hon. Wayne Easter: So you're not—

The Chair: Thanks, Wayne. Just let him finish.

Hon. Gerry Ritz: —and make sure that farmers are not under their thumb.

The Chair: Mr. Bellavance is next, for seven minutes.

[Translation]

Mr. André Bellavance (Richmond—Arthabaska, BQ): Welcome, Mr. Minister. Thank you for coming here.

I will proceed as I did the last time that you appeared before us. I will begin by presenting a few issues and then I will give you an opportunity to answer, if you will allow me to proceed in this fashion. I believe that this will be more useful and probably more effective.

I also have some questions on the Advance Payments Program. I questioned my colleagues from Quebec about certain matters in order to ascertain whether or not the agricultural producers in their regions had spoken to them about any problems. My colleague from Abitibi—Témiscamingue, Mr. Marc Lemay, told me about a problem regarding the announcement made last August 6 on the Advance Payments Program. Initially, producers thought that they would not have to pay any retroactive penalties. This was clear in their mind following discussions with representatives from your department. A short while later, they realized that, in actual fact, producers who signed a repayment agreement would have to pay a retroactive penalty. In Quebec, at least 750 hog producers and 400 cattle producers are going to take advantage of the extension of the stay on repayment.

I would like to know whether or not you have been informed of this problem and if you have had discussions on the matter. Will there be a retroactive penalty?

I would also like to discuss your desire to enhance the income security programs. I know that currently, your department is conducting consultations about the business risk management programs. As you know, the Union des producteurs agricoles du Québec has already stated that the current programs has shortcomings. I would like to know whether you are open to the idea of making any changes, particularly to the AgriStability program. We heard a great deal about the problems with this program when the committee conducted its young farmers' tour. We would like to know whether you would consider the possibility of including costs of production in the AgriStability program. We heard that the AgriStability program and the Canadian Agricultural Income Stabilization Program, the previous program, were more or less the same thing.

Are you prepared to enhance the envelope of the AgriFlexibility program? We have made several requests that the AgriFlexibility program be used to fund income security programs. In fact, we have asked that the AgriFlexibility program include income support. That is another request.

With respect to the programs, the Canadian Federation of Independent Business polled Quebec agricultural businesses in June 2010. I would like to provide you with some information about what producers are thinking and about the study that resulted from this poll. In its current form, the AgriStability program is unable to provide Canadian producers with an adequate long-term solution. In addition, we were told that the level of dissatisfaction with the AgriStability program is identical to that with respect to the CAIS in 2005. Mr. Minister, I made a mistake, this poll was carried out not only in Quebec, but also in Canada.

I would like to ask you one final question. If I have any time remaining, I may ask you some other questions. I know that the government is currently taking a great deal of action with respect to bilateral free trade agreements. There is the agreement with the

European Union, India and Japan, but there is also the Asia-Pacific agreement. I know that your colleague from international trade has been quoted in the "Business" section of the newspaper *La Presse*. According to him, Canada, in the case of the Asia-Pacific agreement, was not prepared to abandon the supply management system. He also said that he was prepared to negotiate. I have two questions on this issue. We have already asked the former Minister of International Trade, Mr. Day, these questions right here, when he appeared before the Standing Committee on International Trade. He said that, with respect to the European Union, supply management was on the table but that it would not be touched. This is the first time, to my knowledge, that we left supply management on the table in this type of bilateral negotiation.

Have you spoken to your cabinet colleagues to inform them that it would be preferable to not include supply management whatsoever in this type of agreement? Does the government intend to get into the habit of leaving supply management on the table during all of these bilateral negotiations? Are you aware of the statement made by Minister Van Loan with respect to the possibility of negotiating supply management as part of an Asia-Pacific agreement?

• (0910)

That will be all for the moment.

[English]

Hon. Gerry Ritz: Thank you, Mr. Bellavance. I'll try to cover as much of that as I can in my allotted time.

On the APP retroactive penalties, we've done as much as we can to mitigate that. Again by process and by legislation, we're forced to have a penalty situation in play to help drive repayment. Having said that, the penalty in this case is a quarter of one per cent. When I was at the hog producers' reception last night, I had a number of people come forward to me and thank me for keeping the penalties that low. It's sort of unprecedented to do that.

We're hopeful that no one gets into that situation, but if they do, we've reduced as much as we possibly can and still stay within the legal guidelines that we're under. A quarter of one per cent is the penalty.

On income security, you called it... That would be the complete business risk management suite of programs, including Growing Forward and so on, the five-year program that we're about halfway through right now on the initial situation. That's a shared jurisdiction between the provincial and federal governments, as you well know, at 60-40.

There is some flexibility on the Growing Forward side. We do have national standards on the business risk side. Now, some provinces have seen fit to top that up or bring in a companion program, as is their right. We're always concerned about counter-availability when you start to talk about specific sectors, specific herds, and so on like that.

We have done as much as we can in the shared jurisdiction, working with the provinces and territories within the parameters that are there for today's existing AgriStability and AgriRecovery, all of that, and we have made some significant changes.

Also, I'll tie in a further question. You talked about AgriStability being no different from what we had in 2005. I would argue that it is. We have much better coverage on negative margins, which was one of the problems people had. The rate of mistake was higher; we now have a much more targeted.... There are very few clawbacks in regard to what we saw under the old CAIS program. We are also able to offer advances on projected program moneys that were not there. We've done as much as we can to make it "farm gate friendly", to make it bankable and predictable.

Can more be done? Absolutely. It comes down to fiscal capacity. It takes six of the provinces and territories with 50%-plus of the farm gate receipts to make changes. We've had ongoing discussions as to what we should do and how we should make some of these changes. There has never been a consensus to move forward.

Having said that, we've adapted and have backstopped under AgriStability now our supply-managed sector, which was never included under the old programming. If there is a case of avian influenza in the barn and it's cleaned out, we have now the capacity to replace their stock under the Health of Animals Act and different acts like that, as well as their business line with AgriStability. They're receiving coverage now that was never there in 2005; that's a whole new sector. There are other products that have been added and so on.

So I think we have made some significant changes to what was available in 2005. We're in the beginning of discussions on the next generation, the next five years that will start after this is done—in 2012 I think it is, John, isn't it?

Rita, I guess you would know.

Those discussions are well under way. The first and foremost thing is that we make sure representatives from every industry are at the table in regard to that. It's 2013, John corrects me. We're doing as much as we can to make sure these are bankable, predictable, and driven by industry.

On the trans-Pacific partnership, the Asian situation you're talking about, we have no idea if we'll be allowed to participate. At this juncture, the Americans have said they don't want us involved. Japan has said if they're going to be a part of it, they want Canada involved. So if we decide we want to take part, we have Japan as an ally. We have a number of other countries as allies too.

I guess what kept us out of the initial discussions on the TPP was that of the roughly 420 million people in that trading area, we already have negotiations and deals with 350 million of them, so is there a benefit to moving forward? We're not against trade and we're not against expanding the regions we deal with, but we can certainly do it in other ways as well.

As you noted, we've just begun discussions with India on a free trade agreement, which is a tremendous opportunity for Canada that would far supplant anything that TPP could do for us. But we want to make sure that Canada and all of our industry have access to every market they potentially could.

When it comes to supply management, this government has stood firm. Supply management has been on the table at the beginning of

every discussion, at every bilateral. We've always been very successful in protecting our supply-managed system.

• (0915)

It's gotten to the point where I've had discussions with my American counterpart about how it works and the successful way it's handled here in Canada. Their dairy is in terrible shape down there. Last fall, they had to vote through some \$350 million American. Also, the European Union had to vote through \$450 million euros to backstop their dairy. In Canada we have a system that stands on its own. They look at that with envy. They recognize the validity of the system. We've always been able to make those arguments in every free trade agreement. At every table I sit at around the world, we talk about the success of our supply-managed system.

That has led to a tremendous call globally for the genetics coming out of our supply-managed system, because we've been able to develop the best with that solid bottom line for a number of years. We'll continue to be there for them.

The Chair: Thank you, Minister.

We'll now move to Mr. Allen.

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

It's good to be with you again, Minister.

I know that you know Mr. Atamanenko, who is usually here but was unable to come today. He is hearing from the cow-calf producers as well that the situation is quite dire for many of them. In response to my two colleagues who have also raised the issue, we're also hearing from producers that there are some difficulties out there. Notwithstanding the fact that you say there are always difficulties out there, I understand, I think it may be a little more than just someone who is having difficulties in managing their operation.

But let me do what Mr. Bellavance has done and sort of get a few out there. In some cases, you may not be able to respond, but to come back in writing is fine.

The CFIA actually briefed this committee a couple of years ago and said that when it came to animal transport regulations, we would see something happening. It has now been two years. When do you think the regulations will be brought forward? If there's a holdup, what is it, and could we know about that?

In the tree fruit industry, which is in my neck of the woods, in the peninsula, we've just witnessed clingstone peach trees being pulled out of the ground because of the lack of a canning facility, which closed two years ago. When they replant, especially if they go back into tree fruit, it takes anywhere from four to seven years for those trees to come into production. The real question for them is, how do they survive that period of time when really there is no production? In a lot of cases, what they're asking is if this government going to consider a cost-of-production based program, which perhaps will be the answer to their margin issue, because they are being attacked by exports from outside.

As to apple and peach producers, if you buy canned peaches in this country from CanGro Foods Inc., turn to the label, and you'll find they're Chinese peaches. They're not Niagara peaches. Yet CanGro used to be the major canner in St. Davids in the Niagara peninsula. Folks out there who think they're buying Canadian peaches in a CanGro box or bottle or jar aren't. They're no longer grown there. That's what is really happening. Those folks have to figure out what's next; that was the business they were in.

In the same vein, with CFIA when it comes to tree fruits, we see apples coming in and perhaps being refused in the U.S. market because of pesticide residue. Are we speaking to the USDA from CFIA's perspective and sharing information so that we know that shipment of apples doesn't land on Canadian shores? In other words, when it gets redirected, when it's coming from China, it's not headed back; it's going to be headed somewhere else where they can sell it if possible. So if the USDA refuses entry of a shipment, are they talking to us? Are they saying to us, "By the way, shipment X was denied here because of...?" Why? Are we actually hearing about that?

Staying in the same vein with CFIA, Minister, there was an audit done by USDA in 2009. They do spot checks of plants processing ready-to-eat meats. They came in and reviewed paperwork. They found that in 25% of the places they spot-checked, immediate action needed to be taken for enforcement, mainly in sanitation. Three of the plants were delisted. Now, I understand that they've been re-listed, but they were delisted immediately. My understanding—and I can be corrected on this—is that this audit is not on the CFIA website. Now, I understand that we didn't do the audit, but these Canadian plants that don't just send meat to the U.S.—they send it into the Canadian market.

Here's my question. If the U.S. is saying, "Don't send us your product", why aren't Canadians aware of that fact? At the very least, Canadians ought to have the information, because I believe that what CFIA said after the listeriosis crisis of two and a half years ago was that they would provide all information to Canadians so that they could make informed decisions. If the USDA is saying to these Canadian facilities that it is delisting them immediately, not in 30 days, but now, so that they can't ship to the U.S., why aren't Canadians allowed to know these facts so they can make the proper decisions when it comes to their choices?

The other piece is the issue of recommendation 7 that Sheila Weatherill made in her report. That was under your auspices, Minister. You brought in a very competent woman in Ms. Weatherill. I think she did a comprehensive review. She did an excellent job. I will quote recommendation 7. It says:

To accurately determine the demand on its inspection resources and the number of required inspectors—

I repeat: "the number of required inspectors".

—the Canadian Food Inspection Agency should retain third-party experts to conduct a resources audit. The experts should also recommend required changes and implementation strategies. The audit should include analysis as to how many plants—

I repeat: "how many plants".

—an inspector should be responsible for and the appropriateness of rotation of inspectors.

● (0920)

Now—

● (0925)

The Chair: Can you let them catch up?

Mr. Malcolm Allen: I certainly will. Let me just finish. I'm not done. Thank you, Mr. Chair.

So the bottom line.... I understand that you're going to send some of this in writing. That's fair. So here's the bottom line in all of this. Ms. Swan has been quoted in Postmedia as saying that the PricewaterhouseCoopers report is not an audit, but a "review". So my question is this: when will that recommendation be fulfilled?

Hon. Gerry Ritz: Thank you, Mr. Allen. I see a number of issues there.

I'll begin with animal transport. As you know, we just announced recently the increase of penalties on anyone handling animals in an inhumane way. I'm talking about penning or transport or whatever it is. The final package on animal transport per se is in the final consultation phase with industry. It should be available to everyone early in the new year—that's my best guess—barring any unforeseen things.

Certainly, we're hopeful that we can get that out as quickly as possible, but we want to make sure that industry is involved. They're going to have to be the ones that measure up to these new rules and regulations. We want to make sure that it's not going to be overly onerous, but that it still gets the job done that we see is needed out there.

On tree fruits, yes, it was unfortunate that the canner closed. We did work with the local growers. We were talking, hopefully, about a cooperative could be established and do something in that vein.... Farmers themselves decided that peaches weren't the future and they were going to pull out and go into grapes, and so on, and we're not going to interfere with management of a farm-by-farm situation. I understand the costs of production and so on. There are discussions ongoing on how you do an insurance-based programming that would allow that to happen and not be countervailed. That's still a body of work that needs a lot of work.

One of the situations that we brought in based on how we saw that type of thing happening was product of Canada labelling, to make sure that when it said “product of Canada”, it was. The level that was targeted was 98%. There's been some discussion around that: whether that's too much, what can be exempted, how long the exemption list can be, and whether that has to be on the label. Those discussions are ongoing. We've done some tremendous work on that in the last little while.

I'm still very bullish, personally, as the minister, to maintain the 98%. I think there are a lot of other labels that can be used, such as “manufactured in Canada”, or “processed in Canada with foreign ingredients”. There are a lot of things that could be done to still maintain that truth in labelling. Like you, if it says “Canadian”, I want it to be Canadian, I really do. Our farmers agree with that. Our processors have some concerns. Some of them have been using foreign product to bolster their capacity. Good for them, but I think they should note that on their label.

On the situation with apples refused in the U.S. but accepted here, do you have a specific case? I'm not aware of one where we have accepted a rerouted shipment of any type of fruit, but if you have a case, we could certainly look into it. As was done in the case of Dutch peppers, which were being brought in here at what we felt was less than the cost of production, it takes an intervention by the producer groups of that commodity through CBSA, Canada Border Services Agency. Then we certainly would do everything we could to make that happen.

Paul or Carole?

I don't know of any particular situation at all, but if you do, please let us know because that is not on.

We are working to increase our communication with the USDA on many, many different levels, right from the pesticides that are used on through to harmonizing some of the science that we agree on and moving forward in a more comprehensive manner so that we can actually do more with less, as could they, in recognizing each other's science. The U.S. constantly audits us on a number of different fronts in the processing sector, as we audit them. We have actually delisted plants in the U.S., the same as they have delisted plants here from time to time, depending on the issue.

As you said, in this particular audit—and I'll have Carole or Paul fill in the blanks on this—25% showed problems varying from “the drain wasn't this...” or something as innocuous as that, down to three that they did delist, which came back on stream very, very quickly. Why it's not up on CFIA's website probably has something to do with privacy laws in the U.S., but perhaps Carole or Paul want to explain that and why we don't make that information available to Canadians too.

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

The U.S. posts their audit of us. We post our audit of them. The U.S. audit of the Canadian system isn't on our website because it is a U.S. audit.

In terms of the issue, which is food safety, any audit process will of course identify any issues. We respond to those issues just as we

would if an audit weren't happening. It's our inspection staff who take the action—and when they saw issues, they did—because our inspection staff accompany the U.S. auditors. They report on the actions and findings. That's why, in their report, they directly indicate that the Canadian authority responds appropriately to these types of events.

Indeed, plants were delisted. They were issued corrective action requirements, which they promptly responded to, and they were then re-listed. That's the same as would happen if, absent an audit, we found a problem. We would similarly take direct action and issue a corrective action requirement, which we would expect them to respond to immediately.

● (0930)

The Chair: Thank you.

Mr. Lemieux, you have seven minutes.

Hon. Gerry Ritz: I'll just finish off on that, Mr. Chair.

Malcolm, we'll get you written in on recommendation number 7.

The Chair: Okay.

Mr. Lemieux, you have seven minutes.

Mr. Pierre Lemieux: Thank you very much, Chair.

Minister, I have two questions I'd like to ask, both related to trade, so I'll ask them both at the same time.

The first has to do with international trade. I think everyone around the table would agree that the more markets our farmers have to sell into, the better it is for our farmers. Of course, we have our domestic market and domestic consumption, but we also have international markets. You mentioned it in your speech, but not in much detail.

I know that you've travelled with these farm group organizations, these representative organizations. Sometimes Mr. Easter doesn't value their opinion; however, I do. These people in these organizations, these leaders in these organizations, are producers themselves or were producers for most of their lives, and they certainly do represent producers on the ground.

You've travelled with them to other countries to open markets, so I'd like to know if you could just provide a bit more detail to the committee on some of the markets you've opened and the feedback you've received from these groups, particularly in terms of feedback they're receiving from farmers on the ground.

The second question I'd like to pose to you again has to do with trade, but it's trade within Canada. Minister, you're aware that this committee travelled out to B.C. last spring as part of our young farmers study. I was also back there this summer making an announcement for the grape-growing sector about money to help them with research and development and help fight crop loss, etc.

I visited a number of wineries and certainly one of the concerns that was brought forward was on the point that our Canadian wines are excellent wines. They're highly competitive and win awards in other countries. One of the vineyards we visited had just won a top-level award in Europe, yet the producer said that here in Canada, he is landlocked in B.C. He's not able to sell his wine openly and freely into other provinces. This is because of the Importation of Intoxicating Liquors Act of 1928, which places restrictions on the ability of our wine producers to move their product throughout Canada. The Canadian Vintners Association, the Canadian Chamber of Commerce, and others are calling for the ability to move wine freely between provinces.

Minister, I wonder if you could comment on international markets, international trade, and how that's impacting the farm sector here in Canada. Also, could you tell us what kind of action you might be taking or what kind of progress you've seen on these trade barriers, these provincial trade barriers for vintners?

Hon. Gerry Ritz: Sure. Certainly, Canadian farmers and processors have proven that they can grow it and process it as well as anybody in the world, if not better. We have some tremendous products that we do export. On average, we export 50% of what we produce. In some instances, like canola, we export between 85% and 90% of what we produce, so it depends on the sector and the region of the country as to where that market is seen.

On the international stage, I guess the best report card we've had is that our exports of agricultural products are up some 8% this year already. That's a tremendous response to the work that's been done by industry and government officials around the world. Our market access secretariat is certainly punching above its weight in a number of those situations. The trade secretariat under Agriculture Canada, and of course, backstopped by tremendous CFIA people, has been able to re-invigorate and rejuvenate some of those markets that had either closed or gone stagnant with regard to Canadian product.

Without exception, on first blush, in the first run of countries that we identified, working with industry, one of the first lines we always got from the agriculture or trade people was: where have you been? The Australians are very aggressive traders. The Brazilians are stepping up. The U.S., of course, is always there trying to dominate a market, and good for them, and even Europe is in certain sectors. They were quite surprised that Canada had not been there. There was almost a decade where Canada had gone quiet. We're happy to get out there and do that. We've had a tremendous response. As I said, it's up 8% this year alone.

The international markets are a tough nut to crack, but once you get that foot in the door and industry has the ability to prove what it can do and get that good Canadian product on the shelf, we know we can succeed. There's a tremendous and growing respect for Canadian products around the world, for the safety of those products, and for the sustainability to supply those markets even in tough weather conditions like we saw this year—we're still able to do that with the quality of product. There are some marketing lessons to be learned. We have to do more. We have to attend more international food shows. We have to be there showcasing what we have so that people know and can buy it.

Domestically for products, it has always been a bit of a thorn, but the provinces have stepped up. Of course, everyone identifies Alberta beef, Ontario pork, and the different areas that really work hard on market branding and selling that product. As it turns out, you can sell a piece of beef to Montana easier than you can sell it to Saskatchewan from Alberta. It's ridiculous in the extreme. There is a rejuvenated recognition of that. The provincial and territorial premiers signed a new agreement on internal trade, and we're moving forward, I hope, to some good positive results in moving that product east to west as easily as we move it north to south and outside the country.

On interprovincial trade of wine, as you said, it's based on an antiquated situation going back to 1928. Certainly, our wines and spirits have improved a lot since then. Some of them have aged that long waiting to go across borders.

Voices: Oh, oh!

Hon. Gerry Ritz: I'll have to buy that first case. It would be pretty good stuff.

But there is agreement that we should be starting to move forward. There are still some kingdoms that want to maintain themselves. I think there's a good amount of work being done and that needs to continue to be done. It's one of those real anomalies that with the advent of the Internet—which Al Gore says he invented—people can see it online and I can get on an airplane and buy Canadian wine anywhere around the world, but I can't buy B.C. wine in Saskatchewan, which is absolutely ridiculous to me. If I fly out to Vancouver, I can buy it and bring it back, but I can't.... It's one of those anomalies that makes no sense at all. Certainly, there are some taxation issues that provinces need to work out reciprocally, and I know they will take that work on and get the job done.

● (0935)

Mr. Pierre Lemieux: Thank you.

The Chair: You have a few seconds left.

Mr. Pierre Lemieux: Could you tell us a little bit more about the market access secretariat? Certainly, I've heard good reviews on the ground, and as I say, the groups that are travelling with you have good things to say about the market access secretariat.

However, Canadians might not be aware of it. We as politicians are, but as this is a public committee meeting, I'm wondering if you could explain this market access secretariat, the work it does, and how it is helping farmers.

Hon. Gerry Ritz: It was an idea that was percolating around Agriculture Canada for quite some time as we started looking with envy at some of these markets that had been shrinking with regard to Canadian wares but were being picked up by other people. How do you get trade-specific people on the ground with the knowledge and the backstop from here to get their toe in the door as good salesmen? We began that, and industry added in and told us what they thought it needed and how we should be delivering it.

We've used that as an outline, as a road map forward. Fred Gorrell heads up that market access secretariat, backstopped by some tremendous people. I've had the great opportunity to work with them around the world.

Of course, into the mix we put some top quality CFIA veterinarians. We have a technical person who travels around the world, Dr. Bob Morrison, from Prince Edward Island, actually, who does a tremendous job in working out the technicalities on a lot of these things.

Dr. Gary Little has done yeoman's service in Colombia and Korea on beef. We continue to have discussions with the Koreans even though we have them before the WTO with a panel on beef market access. Our folks just spent another week or 10 days in Seoul pushing that envelope further and further, to the point where it looks like there's a glimmer of hope that we may not have to go all the way through with the panel. We're hopeful that the hammer of the panel, plus the good work done by the market access secretariat, will get that work done in the near future.

The Chair: Thank you.

Before we move into the second round, I want to ask something.

Minister, here in Ontario, a number of producer groups have been pushing forward for a BRM. You've said in the past that if seven or more provinces come together and request that, you're obligated to sit down and listen to them. But the last time I looked, Ontario was the only one. Is that still the case? Are there any other provinces that have been asking for that?

• (0940)

Hon. Gerry Ritz: Are you specifically talking to the RMP?

The Chair: Yes, it is the RMP. I'm sorry. I said the BRM. There are too many acronyms.

Hon. Gerry Ritz: Okay. No other province has come forward with that. Every other province has developed smaller companion programs for specific situations that arise. They are more directed at weather-related situations than at the overall cost of production, like the RMP. I still have the same concerns, as do the other provinces, that it's completely countervailable if it ever paid out in any significant way. To date, it has not. They have not found the trigger that actually works any better than any other situation that comes forward. They've extended it for one more year. They're trying to work on that. I give Minister Mitchell credit for that.

Having said that, I'm still very concerned. I do get letters from producer groups across the country, which of course have representatives in Ontario, saying to please don't do this, because if it closes our border, the little bit of money that we trigger through RMP would not offset the hurt we would see with a closed border.

The Chair: Thank you.

Mr. Eyking, five minutes.

Hon. Mark Eyking (Sydney—Victoria, Lib.): Thank you, Mr. Chair.

Minister, you and I have been farmers for probably 20 years; we've been on this Hill for over 10 years. We both know that you can spin a pretty picture up here on the Hill about life down on the farm, but at the end of the day down on the farm, you have to pay the fertilizer and feed bills.

Last spring our committee travelled across this country about the future of agriculture. We've seen some bright spots, but it was mostly

only in supply management. The other sectors are losing their equity at an alarming rate.

We've heard some testimony. I'll give you a couple of examples from across the country. Mr. David Machial from British Columbia said:

First of all, our current AgriStability...programs are not a solution.... It provides a little money, but it's not enough. And the way AgriStability is set up, if you have two or three bad years in a row, that's it, you're done.

That's from British Columbia.

Then we go to Saskatchewan, where we have Ryan Thompson, who said:

The current business risk management programs don't work for beef producers.

My final example is from William Van Tassel in Quebec. He said:

However, when crises persist—like the one the beef producers and pork producers have been going through and the one that hit the grain production sector a few years ago—this program no longer works.

Minister, your government has been at this place for five years. My simple question is, with five years in government, how come you couldn't come up with a better program that could help farmers, especially the non-supply management farmers?

Hon. Gerry Ritz: Mr. Eyking, as you well know, this is a shared jurisdiction between the federal government and the provincial and territorial governments. We continue to work on these programs on a 60-40 basis, but everybody has faced fiscal constraints. As I said in my speech, we've delivered a tremendous amount of money over the last program period you're talking about.

Is it always enough? No. Should it be? No. Government programs should never distort accurate market signals. Management of farms is up to the farmers themselves. Government needs to be there when there are disruptions in weather, and that leads to crop insurance and those types of things. I'm hopeful that more and more farmers recognize the validity of the program payments. Certainly there has been some concern that we're still forced to go back and redo some of the CAIS situations, which of course your government managed. There are situations where farmers are still in trouble because they were not covered properly at that point. The foundation was not laid properly under those programs.

Hon. Mark Eyking: You've had five years—

Hon. Gerry Ritz: Now, I give credit to Mr. Vanclief, who brought that in, for at least recognizing the point that to have stability you need a five-year program. But with the way agriculture has changed in the last little while—and we have been talking about this—you may also need flexibility within that five-year window to let farmers grow and develop in the new biosecure situation and biotechnology and all those different things that are out there.

There is a lot of discussion around a national food policy. I think that's good work; it's work that needs to be done. It needed to be done for decades. But that is only half the situation. Farmers themselves have moved well beyond just producing for food. We have the ability to fill two or three streams with the raw materials that farmers produce—you yourself as a producer of horticultural goods and chicken, I understand.... We're starting to see a lot of the biomass and byproducts from those industries being used—and when it comes to chicken feathers, even into car parts

That's a tremendous amount of good work. I think the future of farming is marketplace returns that farmers have never had access to. It's doing more and more with the product and the byproduct we produce.

● (0945)

Hon. Mark Eyking: My time...?

Mr. Valeriote, go ahead.

The Chair: Please be very brief.

Mr. Francis Valeriote (Guelph, Lib.): Thank you, Mr. Chair.

Thank you, Minister Ritz, for appearing.

I have two quick questions.

First, among those people we spoke to in crossing the country, there was concern about farm transfers to the next generation, and that the next generation—younger children—wasn't necessarily prepared to take those farms. Will you and are you considering talking to the Minister of Finance about changing the tax regulations on transfers to non-related people?

Second, with respect to GMOs, we know that GMOs are going to be necessary if we're going to build capacity in poorer countries and if we're going to be able to deal with agriculture in the face of climate change. However, notwithstanding that, we heard in our discussions on Bill C-474 about the threat to biodiversity, particularly in wheat and alfalfa.

What do you plan to do about that with regulations? What are you looking at to protect our alfalfa and wheat farmers from the threat to biodiversity by GMOs?

Hon. Gerry Ritz: Let me start with the last one first. I think the best way to mitigate that threat is for farmers themselves to make the decisions on what they want to grow, based on sound science, and they will do that. That being said, there's a growing reception in the world that biodiversity is the future, that if we want to really secure our food supply and make it sustainable, we have to start talking about biodiversity, biotechnology, and moving forward.

I've had some tremendous discussions in Europe, which has been a GM-free zone. They're now starting to talk about low-level presence in a different way, as we got caught with Triffid in our flax, and so on. They're starting to look at ways to mitigate that, because they recognize the validity of moving forward with biotechnology in order to feed their own people and export to the world market.

I think farmers themselves are the best ones, in the final result, as to whether or not they're going to grow any product that's GM, whether it's alfalfa, wheat, or canola. I mean, if we didn't have the ability to modify a product and move forward, we would not have

the canola industry, which is now king in this country. It used to be that wheat was king, but now it's canola and the processing sector that has developed around it.

On intergenerational transfers, certainly, we will make that moving forward, as the farm groups do themselves: arm's length, non-arm's length, and those all those types of things. We have made some significant changes to capital cost allowance and intergenerational transfers. That work continues on through Finance. Again, it comes down to fiscal capacity.

But I had a great opportunity earlier this week to speak at the luncheon for future farmers, young farmers, who were in Ottawa. A panel was set up from across this country and across every type of agriculture you can think of. I'll tell you that the energy and dynamism that was around that table gives me hope for the future. These young people are ready to take over the reins. They're ready to take over on the farm and move forward. They want less government. They want to make sure that regulations help them move forward and don't restrict them. They're committed to the environment, food safety, and a solid future in agriculture.

We have a tremendous opportunity to learn from them. I give my colleague, Jean-Pierre Blackburn, who's been handling that file, a tremendous amount of respect for the work he has done. It was a great group that he brought together that day. The next step is to start to introduce the value-added processing to these young farmers. They know they can produce, but they also want to be two or three steps up on that ladder. They don't want to just see it disappear at the end of the farm gate; they want to control it a little further and drive some money back to the farm from it.

The Chair: Thank you.

Mr. Storseth.

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

Mr. Minister, thank you for coming today.

Last week, I took my yearly journey to Farmfair in Edmonton, and I had the opportunity to make an announcement on your behalf. As I was there announcing the carbon offset protocols, I took in a heifer show and a cow-calf show. I talked to several producers there. They wanted me to pass on two general messages to you, directly from producers in Manitoba, Saskatchewan, and Alberta who were on the ground at that Farmfair.

They wanted to say thank you for the great work you've been doing in opening up markets. They also wanted to stress, to you and our government, the importance of sound science in our agricultural sector, and how scary it is when they hear the opposition parties supporting a bill that would reduce the role of sound science in our agriculture sector.

That being said, Bill C-474 is heading back to the House for third reading. Our government's position has been principled and clear on this from the beginning: we oppose it. But we've been having real problems with Mr. Easter and the Liberal Party. Now, he wants to talk about backroom deals.... I mean, everybody in the industry knows that when they go to his door, he tells them, "Don't worry, we oppose this bill". But in the House, he supported sending it to committee. In committee, he supported extending the study. In the House once again, he voted for it. That's an awful lot of support for something he's supposedly against.

With Bill C-474 hopefully behind us, the committee is looking at taking an in-depth look at the biotechnology sector here in Canada. This is something that I'm hoping we can all agree to move forward with. I was hoping that you could do two things for us today: talk about the consequences of the support from the Liberal Party on Bill C-474, and also outline some of the initiatives that our government has invested in and anything you'd like to see come out of our study in the biotechnology sector.

● (0950)

Hon. Gerry Ritz: Well, I think everyone agrees. As I said, there's global agreement that the sustainability and security of our food supplies around the world, globally, are going to depend on biotechnology. They are, whether you throw in the mitigating effects of climate change and weather-related systems or the higher cost of inputs, it's going to take biotechnology to offset a lot of that and actually let farmers continue to do what they do best here in Canada and around the world.

On Bill C-474, you know, if you think with your heart, you think this is a good idea, that it will protect somebody, but I think farmers are best suited to protect themselves. If you think with your head at all, you end up thinking like JoAnne Buth, the Canola Council of Canada president, who said, and I'll quote it, "You wouldn't have canola in Canada if 474 went through". It would completely drive that innovation right out of the country. It would go to some other jurisdiction.

That would be unfortunate, because canola, as I said, is king and now has supplanted wheat as the crop of choice in western Canada. Love the Wheat Board or hate the Wheat Board, you still grow more canola than wheat. You simply do. Wheat has become a rotational crop.

Even the president of the Manitoba Flax Growers said, "There's a legitimate concern that markets can be affected by the new technology...but at the same time we are concerned about frivolous claims...that...block technology for the people who want it". Even the flax guys, who faced the hurt out of this.... Now, we were able to redirect the flax and were able to do different things with it, so that the flax was still moving and the price stayed reasonably good. Having said that, the people who lost the most in that dispute over flax were the processors in Europe and the value-added folks. Further down, they needed it as a feedstock and so on.

There's always that ripple, that trickle-down effect. Certainly there are certain parties who would love to put a wall up around Canada and we would only do so much and we would manage our supply so we.... It's very shortsighted. This country was opened and settled by agriculture and it continues to be an agrarian-based society, as are a

lot of other countries. No one is an island, not even Australia, when it comes to foodstuffs. We all have to trade.

I love the idea of eating locally, making sure you're backstopping your local people, but there are a lot of cups of coffee sitting around this table. That's really hard to get in Canada. We just don't grow it, so we have to trade wheat or beef with Colombia to bring in the coffee beans. We do different things like that to augment our food supplies.

When you walk around in a store now and look at the amount and the variety of produce that's available to Canadian consumers, it's astounding. It is. And it happens on a daily basis, with boatloads and truckloads and trainloads, and so on. This has put a tremendous amount of strain on CFIA and public health at both the provincial and the federal level to stay on top of all of that, but they're doing an excellent job.

We continue to know that it's going to take science-based solutions to feed the future. We know it's going to take science-based solutions to keep that farm gate solid. As a government, we'll be there for them.

The Chair: Thanks very much, Mr. Minister, and thanks to your staff. We have taken you a bit over your time, but we appreciate you

Hon. Gerry Ritz: My time's your time, Mr. Chair.

The Chair: There you go.

Thanks again.

In the essence of time, perhaps I could—

Hon. Wayne Easter: Is the minister willing to stay a little longer, Mr. Chair? We have a lot more questions.

Hon. Gerry Ritz: I would love to, Mr. Easter, but I have to go and get ready for question period in case you pop up again.

Some hon. members: Oh, oh!

Hon. Wayne Easter: Well, you don't answer questions when I'm there, so why would I bother?

The Chair: Order, please.

In the essence of time—

Hon. Wayne Easter: You use these organizations as cushions—

The Chair: The minister, Ms. Swan, and Mr. Knubley are leaving. Could I please have the next witnesses come to the table as quickly as possible and we'll try to continue?

Thanks again, Mr. Minister.

●

_____ (Pause) _____

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● (0955)

The Chair: Our witnesses are moving in.

I'd like to welcome the new witnesses to the table. I appreciate you being here today.

Could I have the support of the committee to stay with five-minute rounds from now on?

Hon. Wayne Easter: Yes.

The Chair: Okay.

We had quite a bit of abuse of time in the first round. I'm not going to allow that to happen again. If people want to use up all their time asking questions, then I'm going to ask our witnesses to reply to those questions in writing. I try to be flexible—and I am—but it was pretty bad this time.

Mr. Easter, are you first up in the next round? Five minutes, please.

Hon. Wayne Easter: Thanks.

I have questions both to CFIA and to the department. I'll start with the department.

I've travelled in the Interlake area of Manitoba in Arborg and across the border into Saskatchewan, and it is an absolute disaster for the third year in a row—the fourth in some areas. They've had in excess of 57 inches of rain.

Clearly what they're saying is that AgriStability is not working because of declining margins, especially in the cow-calf sector. They feel they're entirely left out of the AgriRecovery program. When I was there, it was Thanksgiving weekend, and even the hay—it had been dry for two weeks, so they were taking off some hay—was first-crop hay on Thanksgiving weekend. It is of such poor quality, in fact, that in the last week or two some of their cattle have had health problems as a result.

Basically, they're saying none of the suite of programs is working for them. They haven't been paid through AgriStability since 2008. These folks are in very serious trouble. There is foot rot in cattle. Even the pastures are ruined. The feedlots are swamped. Is the government considering anything to assist those producers beyond the current suite of programs? Or is there any way you can adapt the suite of programs to work?

We've maintained that the government missed the opportunity last year. You could have changed the viability test. You could have changed how margins are calculated. You actually could have gotten some money out to producers rather than just giving them loans. What is being considered for that area and the trouble it's in?

Mr. Greg Meredith (Assistant Deputy Minister, Strategic Policy Branch, Department of Agriculture and Agri-Food): Thank you for the question. I'll start off and then ask my colleague Ms. Moritz to fill in some details.

Just to go back a bit, on the context, we have responded to the really disastrous floods that affected Manitoba right through Alberta this year with a very significant package through AgriRecovery. In addition to that, the AgriRecovery program did kick in and address some of the drought problems we had in Alberta earlier in the year.

On the issues of negative margins and margin calculations, Mr. Easter, I mentioned to the committee the last time I was here that

federal, provincial, and territorial ministers had looked at those suggestions for change and as a group had decided to stick with the current programs, on a couple of occasions, so that leads us to where we are now. On top of AgriStability and AgriRecovery, there is the ongoing program, AgriInvest, which provides—

• (1000)

Hon. Wayne Easter: Greg, I don't want to interrupt, but I'm going to anyway.

Mr. Greg Meredith: Okay.

Hon. Wayne Easter: On the last comment on the federal-provincial agreements and where you're at, is the federal government pushing a change? Can you tell me? Maybe you can't. I hear this excuse from the provinces. I hear it from the feds. But are the feds providing the leadership to say that changes have to be made here and they're asking the provinces to go along with this so we can get money out to producers by changing this program?

Mr. Greg Meredith: What I can tell you is that at the last FPT ministers' meeting in July, the ministers agreed to continue with the BRM strategic review and to make it an integral part of Growing Forward 2 consultations, so yes, we continue to look at changes.

I would ask you to give Rita a bit of time to explain some of the details of what we're doing specifically with regard to the Interlake situation.

Ms. Rita Moritz (Assistant Deputy Minister, Farm Financial Programs Branch, Department of Agriculture and Agri-Food): Thank you.

Mr. Chair, before we talk about the Interlake situation specifically, I'd like to go back to something. There has also been significant take-up on the AgriInsurance side, on insurance payments to producers who have that insurance in the Prairies. We recognize that this excess moisture issue is one that is in numerous pockets across the Prairies.

On the Interlake situation in particular, as we speak, there are federal and provincial officials working as quickly as they possibly can to assess the situation so we can document what those feed and forage issues are in terms of the costs to the producers and assess what the existing programming will pay to those producers, as is required under AgriRecovery, and as quickly as possible wrap that up to see if a further AgriRecovery response is warranted.

Hon. Wayne Easter: I think the problem in this issue, though, is that producers have to feed their cattle. They can't buy hay from elsewhere because they have no money. This is an absolutely critical timing factor. They have no crops. If they have crops, they're of poor quality.

They have no money and they have no way of buying crops. They don't know what the hell they're going to do. It's as bad as that. While departments, federal and provincial, bounce around, you have people who are in serious financial trouble.

Am I out of time? I have a question for CFIA so maybe we'll get another round.

The Chair: Okay.

Mr. Bellavance.

[Translation]

Mr. André Bellavance: Thank you, Mr. Chair. I am perhaps going to please Wayne. Even though I am not going to be asking the same questions, I do in fact have questions for the representatives of the Canadian Food Inspection Agency.

Earlier, we touched briefly on certain issues with the minister. With respect to the inspection of imported foods, you no doubt are aware of an audit report produced by Peter Everson, the chief audit executive for the Canadian Food Inspection Agency. I will read you an excerpt of a newspaper article which alludes to this report:

[...] CFIA management of imported food safety has deficiencies that represent multiple areas of risk exposure requiring significant improvements related to the governance, control and risk management processes.

Has the agency not only considered this report but also implemented a process intended at ensuring stricter monitoring of imported food inspection?

[English]

Mr. Paul Mayers: Thank you very much, Mr. Chairman, for the question.

Indeed, the audit of the imported food program is an important part of our continuous look at how we do our business in order to improve. That audit covered April 2005 to March 2008, so it did not take into account the \$223 million in funding for the food and consumer safety action plan, which focuses, of course, on risks related to imported food. That funding was announced in budget 2008. With that funding, we have indeed implemented a number of measures that respond to issues identified in the audit, and beyond, of course.

In 2009 and 2010, the CFIA, in collaboration with CBSA, conducted 62 border blitzes. We've established import surveillance teams, and these teams are conducting targeted verifications. In terms of imported foods, we've increased our testing on high-risk foods that are imported into Canada. Also, we carry out targeted surveys in multiple commodities—for example, in the context of dairy or soy products in relation to melamine. You will recall the problem a few years ago of melamine contamination of dairy products from China. So across the spectrum of our oversight of imported foods, we've used that investment to enhance our coverage.

So absolutely, the audit forms an important part of our continuous improvement, and we've responded to its findings by improving our controls in terms of imported foods.

•(1005)

[Translation]

Mr. André Bellavance: Mr. Mayers, it seems to me that you are taking many ad hoc measures. I know that funds had been allocated to cover the next five years. You said that more food is coming from a larger number of countries. Will the announcement of an additional \$223 million allocated over five years translate into more inspectors and more inspections at the border? This is what people want to know so that they can feel safer.

[English]

Mr. Paul Mayers: Thank you.

Absolutely, the answer is yes: increased inspection at the border and increased action beyond the border. Because long before the foods arrive in Canada...we believe that prevention starts at the country of origin. So we're working outside Canada as well in terms of enhancing the oversight.

So the simple answer is absolutely yes.

[Translation]

Mr. André Bellavance: I would like to know if there are more inspectors and, if this is the case, how many.

[English]

Mr. Paul Mayers: Yes.

[Translation]

Mr. André Bellavance: Do you have any idea how many additional inspectors are needed to provide better inspection at the borders?

[English]

Mr. Paul Mayers: In terms of the inspection program, that \$223 million in investment focuses not just in terms of programs, but in on-the-ground inspection.

[Translation]

Mr. André Bellavance: But you have not provided us with any figures. Do you not know how many more people have been assigned specifically to imported product inspection?

[English]

Mr. Paul Mayers: We can certainly report back. Those programs, as you know, are operating over a five-year period, with full implementation in 2013. So we would have to report back to you the number of inspectors that will be part of the overall improvement.

The Chair: Thank you. Your time has expired.

Mr. Allen, you have five minutes.

Mr. Malcolm Allen: Thank you, Mr. Chair.

Mr. Mayers, I'll go back to you since you were here earlier and I recognize that your colleagues weren't. I'm not going to go right through the whole piece on USDA, but I think you heard what I asked the minister. This question is in reference to the fact that we know three plants in the spot check were delisted. We know, in fact, that they weren't shipping product to the U.S. because USDA inspectors said "you cannot", for whatever short period of time that might have been.

I don't care if it was a day, a week, a month, or a year: we did not report the names of those companies on the CFIA website to inform Canadians that they were delisted. My question is why. Why wouldn't we? And will we be doing it in the future?

Mr. Paul Mayers: Thank you very much.

In terms of the way the process works, the U.S. does not delist the plants. Canada delisted those plants in terms of their eligibility to export to the U.S. We took that action in response to the finding because they were not, therefore, meeting the export eligibility requirement.

In terms of acting in relation to food safety, we act on the food safety issues directly in terms of corrections at the plant level. That's why we don't.... We have the authority, of course, to lift the licence of a plant if the problem is egregious. In those situations it was not necessary to immediately suspend the licence of the plants to operate, but instead to require immediate action to correct the circumstance. That was the action we took. That is why those plants weren't listed on our website as having been acted on, because we act instead within the domestic context to fix the problems so that Canadians are not exposed to products that might present a risk.

• (1010)

Mr. Malcolm Allen: I don't quite follow the logic, but I only get five minutes.

We'll go back to CVS, to that system. I'm actually looking at a report prepared by CFIA. It has a lovely chart. The type of establishment is on the top as noted. There are slaughter establishments. We have a lot of numbers. We have the non-slaughter establishments, which are basically the establishments for the ready-to-eat meats or RTEs. The number you actually have for the CVS, according to your chart, is 155.1 FTEs, full-time equivalencies.

Ms. Swan has actually said in the media that recommendation 7 of the Weatherill report has not had the review that Ms. Weatherill recommended. Ms. Weatherill's report was that the review had to be taking place so that you would know how many you required. So how did you manage to come up with 155.1 when indeed you haven't done the initial piece? That was what the minister asked Ms. Weatherill to do: to do the report. They accepted the report and said they would follow through with all 57 recommendations, and you now have a number that says this is the number you need, yet you haven't done what the initial thing is, which is Ms. Weatherill's recommendation 7.

Mr. Paul Mayers: Thank you very much.

The Weatherill report did recommend that CFIA retain third party experts to conduct a review. In order to ensure that there was an independent and comprehensive review, we did indeed collaborate with our colleagues in Agriculture and Agri-Food Canada. In fact, it was Agriculture and Agri-Food Canada that then coordinated complementary initiatives that reviewed design implementation and resourcing of CVS.

AAFC engaged an independent auditor to review the calculations of the resources required, and those studies confirmed that the resource requirement was indeed appropriately calculated. That third party review provides the complementation of the calculation that gives us the assurance that the information is appropriate and correct and, taken together, represents the comprehensive analysis that our understanding of the Weatherill recommendation requires.

Mr. Malcolm Allen: I hate to tell you, sir, but last week or just a little over a week ago, Ms. Swan admitted that Agriculture Canada had not done the recommended audit and they had still not had an independent assessment done. I'll quote: "They didn't conduct it as an audit. An audit is a very specific process".

Your president is saying the opposite of what you've just told me.

Mr. Paul Mayers: No, not at all.

Mr. Malcolm Allen: Well, then, either you've done the review or you haven't.

Mr. Paul Mayers: A comprehensive—

Mr. Malcolm Allen: Yes or no?

The Chair: Just let him answer your question.

Mr. Paul Mayers: A comprehensive review was indeed undertaken. It was not an audit.

Mr. Malcolm Allen: It wasn't an audit. Fair enough.

The Chair: I wasn't cutting you off. Are you finished, Mr. Mayers?

Mr. Paul Mayers: Yes.

The Chair: Okay. Thank you.

Mr. Richards, five minutes.

Mr. Blake Richards (Wild Rose, CPC): Thanks, Mr. Chairman.

I just want to take a second here first before I start with questions of the witnesses. I always find it very frustrating when we have our Liberal agriculture critic, Mr. Easter, across the way, who often tries to portray things as much different than they really are. Certainly he was talking about the Interlake region and obviously the issues that they're dealing with there right now, and he mentioned talking to a few people just recently.

I want to point out that our Conservative member for Selkirk—Interlake, James Bezan, has been working very hard on the situation to support his producers and to deal with the situation. I know that he has been talking to us, certainly, as members of the committee, and he has talked to the minister many, many times. Mr. Easter, kind of Mr. Johnny-come-lately as he always is, talks to a few people and then somehow tries to claim that he's standing up for farmers.

Well, I'll tell you that I certainly don't ever see him do much to stand up for farmers. Certainly we can only look at the gun registry vote for an example of that. He claims to support them and then he flips and flops and doesn't do anything for them. I just want to make sure to make the record is clear on that one and make it very clear that our member in Selkirk—Interlake has been working very hard in support of the producers there to help them with the situation they're dealing with. I know that they're very appreciative of it, and I know that I am as well as a colleague of his in the Conservative government.

Let me just go on to the issue that I want to discuss. That's the biotech and research and science issue and how important that is to the future of farming. I know there are many farmers out there who certainly understand that. We certainly heard that when we toured the country on our study on the future of farming. Many of the young farmers in particular understand the role that needs to be played by research and by science. Biotechnology is a big part of that. I hear that all the time from farmers and from those in the industry: they really do understand that it's an important part.

Certainly, we've had bills, like the NDP bill that was brought forward, that many farmers are very concerned about. We heard the Liberals of course making their position once again a flip-flop position on the issue, like we always get from the Liberals. But I just wanted to have a bit of an update from you on where things are headed in the future here, because I know that certainly over the last couple of years there has for sure been a bit of an emphasis on trying to find ways to team up our research with specific commodity groups.

I'm just curious to hear if you can give us some details and an update on how things are progressing in that area in terms of science and research, on how that will be beneficial, and on how it has been beneficial at the farm gate.

•(1015)

Mr. Greg Meredith: Thanks for the question, because it is a priority area for the minister.

Just by way of background, in our recent consultations leading to the next policy framework, there's no question about it: people are looking at biotechnology and genetic engineering as a supply solution to global food security problems and also as a source of income for farmers in Canada, particularly in new crops with new agronomic attributes, and attributes that contribute to health and nutrition, for example.

In the recent framework, the department has made some significant investments in programs that are designed to develop new agricultural products, and specifically, \$41 million in partnering with about 100 different partners to catalyze and facilitate the development of new agricultural products, both food and non-food.

You mentioned partnering up on the science side with other science performers. We instituted a program with nearly \$70 million over five years to partner up with about 100 other science performers looking specifically at commodity group problems and challenges.

I can give you some examples. We have a wheat cluster that looks at new variety development and agronomic attributes. We have a swine cluster looking at lowering food costs and looking at animal health and safety issues. We're working with the canola and flax people again to look at health attributes and proving nutritional and health attributes for treating cardiovascular disease and things like diabetes. In the pulse sector, which is growing significantly, as the minister mentioned, we have about 100 scientists working with us on enhancing productivity, enhancing nutritional value, and improving processing of what is going to prove to be a major export crop for Canada.

In dairy, we're looking at nutritional value and innovative things that respond to the demands of consumers today for health benefits—for example, by looking at lowering salt in cheese

The Chair: Your time has expired, Mr. Richards.

I understand that Mr. Easter and Mr. Valeriotte are going to split their five minutes.

Hon. Wayne Easter: Yes, or somewhere along that. In beginning, Mr. Chairman, I just might say that I had seven meetings in the Interlake area on the Thanksgiving weekend. At one of those

meetings, there were over 80 producers, and all had between 50 and 80.

The Arborg Credit Union has indicated in that Interlake area—this is no laughing matter—the debt load has doubled in three years, and that's for no new investment, but just for producers to stay where they're at. Putting caterpillar tracks on combines is the only new investment. That tells you how serious the situation is out there.

The member for the Interlake, I might admit, is good at sitting on his horse, Woody, talking about gun control, but he should be representing producers in his area. That's why we're out there.

Mr. Brian Storseth: A point of order, Mr. Chairman.

Hon. Wayne Easter: Now let's come back to CFIA, if I may, for a minute. We have determined—

The Chair: Point of order.

•(1020)

Mr. Brian Storseth: This member has slandered so many people in this meeting today that I'm starting to lose track. If you're going to continue to let him do this—

A voice: Check the record, Brian.

Mr. Brian Storseth: I mean, these guys aren't even here to defend themselves. Now, if you want—

The Chair: No, point taken. If you want to have a—

Mr. Brian Storseth: If you want anybody who has defended their constituents and stood up and brought more money to the—

Hon. Wayne Easter: Mr. Chair, that's not a point of order.

The Chair: That's right, as most of them—

A voice: That's not a point of order.

The Chair: Mr. Easter, if you want to take up an issue with somebody, take—

Hon. Wayne Easter: You let those guys slander me, Mr. Chair, and I'm getting fed up with it, okay?

Now, let's come back to the audit.

We've determined, then, that in the CFIA, Paul, the audit was not held, although it was committed to by the government itself. Instead, we have had a comprehensive survey. Am I correct in that analysis?

Mr. Paul Mayers: It was a comprehensive review.

Hon. Wayne Easter: Okay. Fine.

Mr. Paul Mayers: It was not a formal audit.

Hon. Wayne Easter: Then just to save time, I wonder... The Minister and the Minister of Health, on September 11, 2009, committed to acting on all 57 recommendations. The minister mentioned a few this morning. I wonder if CFIA could return, in writing, to this committee where the government is at on those 57 recommendations, plus the recommendations of the special committee. You could deliver that to the clerk.

There's only one other question I have before turning to Frank, Mr. Chair. I don't know if anybody can answer this question. The Canadian Wheat Board submitted for two interim payments some time ago. The government had a bill in the spring to try to speed up that process, among other things. In the spring, we offered, in a letter from me to the minister, to split that bill to give quick passage so the government would have to provide a response within 15 working days. It's been a heck of a lot longer than that now.

The final payments have not been set by the government. We continue to wait. Why is it taking the federal government so long to determine the increase on initials so this money can get to producers in the west right away?

Mr. Greg Meredith: Just for context, I think you're referring to Bill C-27, which would have sped up the process. Currently, you're correct: the process is longer than it has to be. If the bill were to go through, the process would take approximately three weeks.

Hon. Wayne Easter: We offered to split the bill and give it quick passage, but the government didn't accept it. In any event, what's the reason for the delay?

Mr. Greg Meredith: I don't think there's an exceptional reason. I think it's going through the process. But we can respond in writing if there's anything outstanding.

Hon. Wayne Easter: Okay.

Frank.

Mr. Francis Valeriote: Thank you, ladies and gentleman, for coming today.

The Chair: You have a minute and a half for everything, Frank, so ask one question this time.

Mr. Francis Valeriote: All right.

During the committee's travels across Canada this spring, which you're aware of, the vast majority of the witnesses questioned the rationale for importing products grown or raised with pesticides or drugs not approved here in Canada. Among the many things that were compromising or that were a threat to the competitiveness of our agriculture industry, that seemed to be among the top three or four.

I know that we've looked at this. We've talked about it so many times around this table, and I think a number of us around this table, regardless of party, are concerned about the lack of harmonization and consistency. I know that our previous report recommended that the government undertake a study of this issue. I'd like to know if you are undertaking that study. If not, why not? And what do you plan to do about it to help our farmers?

Ms. Rita Moritz: Perhaps, Mr. Chair, I can start with the answer to that question. In partnership with Health Canada, we have done a significant amount of work already with our pest management centre and the Pest Management Regulatory Agency, which actually does approve the pesticides for use.

There are two programs that are run within the pest management centre of Agriculture and Agri-Food Canada.

The first one is the minor use program. Within that program, we've made over 275 submissions to PMRA on behalf of growers, resulting in over 530 new users. These are prioritized with the

growers at the table every year, who actually tell us, by voting on them, which of these commodities and pesticides are the ones hampering their competitiveness the most right now.

Secondly, internationally, PMC does work with the USDA on the IR-4 group in order to get the two agencies to accept each other's science, with the view that we would ultimately like to have one or the other do the science and have both countries accept it, which would then again put our growers in a much better position in terms of a level playing field.

Also, the second program we have is the pesticide risk reduction program. It also involves regulatory submissions in order to use new pesticides. We have submitted 18 bio-pesticide regulatory submissions to PMRA and 114 new bio-pesticide uses. In some cases, pesticides are registered in Canada, but they're not registered for use on all of the commodities that growers would like to use them on. So not only do we register for use of the pesticide itself but also for the different commodities to help those growers who have those commodities use the pesticides.

About 163 projects now have been focused on developing and implementing these pesticide-reduced risk tools, so we have made considerable progress in this area. It is recognized by the horticulture

• (1025)

Mr. Francis Valeriote: And how about drugs?

The Chair: Frank, your time has gone way over, so let her finish.

Mr. Francis Valeriote: All right.

Ms. Rita Moritz: Yes. I'm speaking to pesticides and horticulture and those that are used on the crop side.

The Chair: Okay. Thank you very much.

Ms. Block, for five minutes.

Just before we go on, if any of the committee members around the table want to attack each other, you're here to defend yourselves, but I'm not going to allow anybody outside that isn't here to come up. I'm going to cut you off. I just want that to be clear.

Hon. Wayne Easter: On a point of order, Mr. Chair, does that mean when the minister quotes people as well?

The Chair: The minister isn't here—

Hon. Wayne Easter: No, no. It happened previously. I want to know for future engagements. If the minister quotes a third party who is not here, like the CPC or the CCA or whoever, does that same rule apply?

The Chair: There's a difference between quotes and attacks. I'm just going to leave it at that.

I think, Mr. Easter, that if anybody should know the difference, you should.

Mr. Brian Storseth: A point of order, Mr. Chair, for clarification.

The Chair: Yes.

Mr. Brian Storseth: There's a distinct difference between quoting somebody and attributing their direct quote to their intention and quoting somebody and putting the words of somebody else in that person's mouth.

The Chair: I agree. I think that's what I basically just said.

Ms. Block, five minutes.

Mrs. Kelly Block (Saskatoon—Rosetown—Biggar, CPC): Thank you very much, Mr. Chair.

Thank you as well to our officials for appearing here today.

I am not a regular member of this committee, but as a member from Saskatchewan who is representing a fairly large and diverse rural riding, I am very pleased to be here, and I appreciate the opportunity to learn more about what our government is doing in the area of agriculture.

Over the past two years, I have taken many opportunities to meet with cattle and pork producers from my riding and from across Canada, and in fact, with many provincial and national organizations. I've been told that COOL continues to harm cattle and pork producers throughout Canada. I want to make it clear—our government has made it clear—that Canada will fight to the bitter end to make sure that the United States removes unfair COOL restrictions.

In a recent edition of the Canadian Cattlemen's *Action News*, on September 27, 2010, the CCA outlined the steps from their perspective on the WTO trade panel and the progress our government is making. They said, "The U.S. made little attempt to refute the Canadian economic analysis".

It seems that we are indeed on the right side of this issue. I'm wondering if you can give us an update on the status of Canada's WTO challenge to COOL.

Mr. Greg Meredith: Yes. Thank you for the question.

The COOL legislation is particularly damaging to the hog and cattle sectors because they were so integrated. It has effectively taken away significant markets from our producers. Since the beginning, since the 2002 farm bill, we've been fighting this rule. Together with provinces and in working groups with industry, we have been undertaking some significant advocacy work in the U.S., both at the state level and at the national level. Those efforts proved ineffective. Last November, we asked the WTO to establish a dispute settlement panel.

In September we had the first hearing. I can't report on our arguments there, but you've heard one interpretation. We think we're on the right side on this issue. There's another panel in December of this year, where we will be mounting further arguments. What we hope for is a speedy resolution and a speedy reaction from the panel. That should come to governments sometime in June, with a final report sometime in July.

So we're not looking at an immediate resolution in December, but at another seven to eight months, unfortunately. After that, there are several paths that can occur in terms of resolving it. The United States could accept and implement a positive ruling that would allow access and effectively neutralize COOL. They could appeal, in which case we're looking at a resolution some time in 2012. Or they could refuse to implement a positive recommendation, in which case, there's opportunity both for Canada and for Mexico, frankly, to undertake steps towards damages against the U.S.

Unfortunately, that's not a story that anyone really wants to hear. We'd prefer a much swifter resolution, but we've also had signals from the U.S. administration that their intention is that if there's anything to change, it would be in a 2012 farm bill, which is not fast enough for us.

• (1030)

Mrs. Kelly Block: Okay. Thank you.

The Chair: You still have about a minute, if you have anything else.

Mrs. Kelly Block: On that note, just in terms of this prolonged process, what impact will that have on our cattle and pork producers?

Mr. Greg Meredith: Well, they continue to suffer the impact of lower prices for their product, largely because the processors in the United States have to undertake different measures, like segregating lines, in order to adhere to the COOL rule. As soon as they do that, there are much higher costs, and they either don't buy from us where they used to, or they discount the prices.

There has also been a very significant impact on the wiener market because there's an extra cost on the feedlots, on the feeders, so effectively, if that rule stays in there, it would be very difficult for us to regain the markets. Also, the markets that we do regain will be at discount prices.

The Chair: Thanks very much.

Ms. Bonsant?

Mr. Bellavance, five minutes.

[*Translation*]

Mr. André Bellavance: Thank you, Mr. Chair.

I would like to go back to the issue of imported products. We can clearly see that there are more and more imported products sitting beside Quebec and Canadian products on grocery shelves. I know that the representatives from the Canadian Food Inspection Agency are going to tell me that I am wrong. We raise this issue every time at this committee. These products are not always subject to the same standards. The people who work out in the field, who work in the agricultural sector, are constantly telling us that they know that some products used in other countries and which are not accepted here, nevertheless cross the border and enter Canada. Every time we raise the issue, people from the agency tell us that they conduct inspections using equivalent standards. This discussion will continue occurring because the people who work out in the field, and here I refer not only to producers but also processors, are always telling us that certain products enter Canada without adequate control, such as products derived from foreign crops that have been grown with the use of chemicals.

We are becoming increasingly more concerned about the quality of our food. The ramifications of listeriosis have given us tremendous pause for thought. Certain aspects of the Weatherill report may be starting to have an effect, although the impact has not been enormous. In 2009, the Market Access Secretariat was established by Canada to promote agricultural exports. Today, the Union des producteurs agricoles du Québec has come out in favour of this decision to open up markets for our producers. However, the UPA is wondering whether or not the Market Access Secretariat should not also be tasked with ensuring the reciprocity of standards for goods that enter Canada. It seems to me that this should be a two-way street. If we want to sell our products to other markets, it is clear that we will have to respect certain standards. Conversely, the agri-environmental rules of the other countries should correspond to ours, so that we can ensure that the food is safe. We need to have clear, straightforward and precise certification norms for food safety, biosecurity, specific risk material and so on and so forth. According to the UPA, it is now time to have..., and if the Canadian Food Inspection Agency is unable to ensure the safety of imported products and the respect of Canadian standards, these responsibilities should be given to the secretariat or some other entity.

I would like to hear your views on the matter.

•(1035)

[English]

Mr. Paul Mayers: *Merci.*

Indeed, we completely agree in terms of the issue of reciprocity. In fact, it is a fundamental expectation within our system that products imported to Canada meet Canadian requirements: those same requirements that our domestic producers have to meet.

With your indulgence, Mr. Chairman, I think it's important that we look at the system in the international context as it relates to foods. There is an international organization, the Codex Alimentarius Commission, which establishes the international standards that countries trading in foods rely upon in basing their standards. Canada's standards certainly take full account of Codex Alimentarius, as do the countries with which we trade.

Our specific domestic standards, as reflected in the various acts and regulations that govern the safety of foods, must be complied with. The CFIA, of course, has offices across the country. We certainly encourage any industry player that is aware of a product that they believe does not meet Canadian standards to bring that product to our attention, because that serves as a very useful complement to the comprehensive inspection and compliance program that we operate in relation to imported foods. If, in addition to the program that we operate, a particular industry player believes there is a product that it is competing with and that does not meet Canadian standards, then we will be happy, if they bring that to our attention, to immediately investigate.

It may be prudent, if you agree, Mr. Chair, if I ask my colleague, Dr. Dubuc, to briefly overview the testing and laboratory capacity that we employ in terms of assuring ourselves that imported foods indeed are meeting Canadian requirements.

The Chair: We are over time, but it is an important thing.

Dr. Dubuc, go ahead.

[Translation]

Ms. Martine Dubuc (Vice-President, Science, Canadian Food Inspection Agency): With respect to imported products, we have in fact increased our surveillance of various existing pathogens. It is the \$223 million allocated to the Food and Consumer Safety Action Plan that has enabled us to improve surveillance on products that enter our markets.

Every year, we increase the monitoring of imported products. Our laboratory results give us confidence in the very high quality of these products. To date, we have not detected... When we do find something, we take immediate action. I should remind you that it was as a result of the monitoring that we do every year that this year we detected the chemical ochratoxin in products for children. We were able to increase this monitoring. We can therefore reassure Canadians that the products being sold meet internationally set standards that are monitored by the Canadian Food Inspection Agency.

•(1040)

[English]

The Chair: Thank you very much.

Mr. Lobb, you have the last five minutes.

Mr. Ben Lobb (Huron—Bruce, CPC): Thank you, Mr. Chair.

I'll refrain from third party quotes and slanderous comments during my time for these questions.

The riding I represent is Huron—Bruce. It's home to some of the most productive cropland and livestock producers in Canada. I'll just do a brief preamble and then I'll get to my question.

The county I share with Mr. Miller is Bruce County, one of the largest producers of beef cattle in Canada. Huron is one of the largest pork-producing counties in Ontario and has tremendous IP soybeans and edible beans through the Hensall co-op—white beans, kidney beans, navy beans, you name it. It also is home to the Ontario Dairy Goat Co-operative. Large portions of these products are exported. In addition to that, we have a tremendously successful supply-managed sector as well. Huron—Bruce has a great number of dairy operations, as well as very large egg layer and broiler operations.

My question is, given the complexities in trade negotiations to promote our products that we export while protecting the vitally important supply-managed sector, could you tell this committee and Canadians listening at home how you work with international trade to protect the supply-managed industries while at the same time promoting trade and finding new markets for our products?

Mr. Greg Meredith: Thank you. That's a very good question and quite topical in the current context.

The government has pursued a number of new bilateral free trade agreements. We've opened up a number of new markets. Also, the Prime Minister just announced, at the margins of G-20, a significant effort devoted to a free trade agreement with India.

We've never had a difficulty in defending supply management. Our position on supply management is very clear when we enter into any of these negotiations. We strongly support it and we don't think we're going to have a problem defending our supply-managed industries in any of these fora.

Some point to the trans-Pacific partnership as one area in which our supply management might be at risk. We don't believe it will be. We already have free trade agreements with a number of members of the trans-Pacific partnership, so we don't think it's a big risk. We've successfully completed a number of free trade agreements without putting our supply-managed industries—dairy, egg, or chicken—at risk.

Mr. Ben Lobb: A little less than a year ago, in December, there was an announcement in my riding at the Huron Research Station having to do with research in the pulse industry, specifically with regard to drying times. I wonder if you could tell this committee, and those who will be looking at this later, how important it is for

Canadians to be competitive in the export market and to continue to push forward on research and development in sectors such as the pulse industry.

Mr. Greg Meredith: The pulse sector is an interesting one. This is an export market that's going to boom. In the last three years in our trade with India, we've gone from exports of around \$130 million to well over \$500 million in pulses. It's one of the reasons why our research branch established a pulse research cluster. It looks at boosting the nutritional aspects of our pulses and studies new formulas and processing opportunities capable of adding value in pulse exports.

By bringing together partners from industry and science, we have developed agronomic characteristics that are going to be valuable to our export markets. This is something we've pursued in a number of sectors. I think we have 10 clusters now. And pulse is going to be a huge growth industry for Canada.

● (1045)

The Chair: Thank you. Our time has expired.

Once again, I'd like to thank all of you for coming in today. I appreciate it very much. I'm sure we'll see you back here soon.

The meeting is adjourned until Tuesday.

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