



Growing the Knowledge-Based Economy Through Trade & Smart Regulation

**Pre-Budget Submission to the House of Commons
Standing Committee on Finance
From
CropLife Canada**

August 2011

Who We Are

CropLife Canada is the trade association representing the manufacturers, developers and distributors of plant science innovations, including pest control products and plant biotechnology, for use in agriculture, urban and public health settings. We are committed to protecting human health and the environment, and in providing a safe, abundant food supply for Canadians. We believe in driving innovation through continuous research. CropLife Canada is a member of CropLife International, a global federation representing the plant science industry and a network of regional and national associations in 91 countries.

Our mission is to enable the plant science industry to bring the benefits of its technologies to farmers and the public. Those benefits manifest themselves in many different forms, including driving agricultural exports, job creation, strengthening the rural economy and increased tax revenue for governments.

Executive Summary

CropLife Canada would encourage the Government of Canada to pursue three key policy priorities that we believe would grow the economy as a whole, and the knowledge-based economy in particular.

1. **Continue to negotiate, and ultimately implement, CETA with the European Union, and aggressively pursue new trade agreements with other major trading partners.** Trade continues to act as a primary driver for Canada's economic prosperity. Agriculture alone contributes \$10 billion per year to Canada's trade surplus and can contribute even more if secure access to global markets is attained. Our industry is strongly supportive of any and all efforts to open global markets and pursue trade agreements that will allow Canada's agricultural sector to grow and prosper.
2. **Finish the work of the Red Tape Reduction Commission, ensuring that there are clear measurements of success across every government department and agency.** Our industry made a lengthy submission to the Red Tape Reduction Commission identifying a number of easily remedied regulatory issues across agencies and departments such as the Canadian Food Inspection Agency, Pest Management Regulatory Agency, and Environment Canada. The Red Tape Reduction Commission holds great promise for improving efficiency and fostering innovation, but only if every department and agency is held accountable for addressing the recommendations made to it by participants. There needs to be a clear measurement of success (i.e. number of regulations cut or amended) reported on regularly by government so that confidence in the initiative can grow.
3. **Set down clear markers for success in the work of the Regulatory Cooperation Council (RCC).** Improving market access to the United States and knocking down regulatory barriers between the two nations will grow jobs and improve prosperity in both nations. Canada's access to the United States market is vital to Canada's plant sciences sector, and to many of our stakeholders. We are heartened by the early reports of the work of the RCC and look forward to clear progress being made on a host of regulatory inefficiencies and access chokepoints that hurt prosperity on both sides of the border.



Value to the Economy of Plant Sciences

The increased yields that farmers get when they use crop protection and plant biotechnology products do more than improve the bottom line for farmers; they stimulate economic activity that ripples through the entire Canadian economy.

Crop protection products and plant biotechnology lead to quality and yield enhancements that lead to 97,000 additional full-time Canadian jobs in more than 20 different sectors including manufacturing, wholesale, retail and financial.

Increased crop production due to plant science technology generates \$7.9 billion in value for farmers of field, fruit and vegetable crops and creates \$385 million in tax revenue for federal, provincial and municipal governments.

Plant science technologies also enhance Canada's standing as a net exporter of food. About 65 per cent of Canada's \$10 billion food surplus can be attributed to increased yields because farmers had access to our technologies.

Canadian families save 58 percent on their weekly grocery bill, thanks to modern crop protection and plant biotechnology tools. In fact Canadians currently spend only 10 per cent of their household income on food, compared to over 18 per cent in the 1960s.

The pace of innovation in the industry is increasing. Between April 2010 and March 2011, 177 new varieties of seeds were registered by the Canadian Food Inspection Agency. Seventy-nine per cent or 139 of those varieties were registered by private sector seed companies. Biotechnology was a strong driver of this growth. Globally, companies invest about 11 per cent of their profit directly back into research and development, about the same percentage as seen in the pharmaceutical sector.

Creating Jobs & Prosperity Through Enhanced Trade

Canada's economic prosperity is strongly tied to maintaining and growing export markets. There are exciting opportunities ahead for the Government of Canada to improve international trade across many sectors including agriculture. We see a bright future for Canada as a growing exporter of food to the world, but only if market access is enhanced and secured.

The European Union single market is the world's largest economy, counting some 500 million consumers. The EU is already Canada's second largest trade and investment partner after the United States, while Canada is the EU's 11th largest trade and fourth largest investment partner. The full potential of this economic partnership should be realized through the ambitious and successful conclusion to the Comprehensive Economic and Trade Agreement (CETA) negotiations in 2011. CETA would generate billions in economic gains, open market access across both goods and services sectors, and improve two-way investment. Successfully concluding CETA would send a strong message of support for open, rules-based global trade and investment, paving the way for similar agreements across the globe.

For agriculture, we believe that a successful CETA must include full access for key export sectors on both sides, including the resolution of non-tariff trade barriers impacting these sectors. It is also vital that we see a resolution to the biotechnology issues that have caused trade impediments without scientific foundation.



Specifically, our industry needs a broader EU acceptance of a policy on Low Level Presence (LLP) of genetically modified seeds or products. (LLP can be defined as seeds or products which have received full regulatory approval in at least one country found in trace amounts in a large shipment of non-genetically modified products.) Detection technology is now such that one seed in 10,000, or even dust, can be detected. The detection of any trace amount of genetically modified organisms (GMOs) is used by some nations as a reason to deny entry to the entire shipment.

Canada should encourage the expansion of the technical solution for LLP in feed to be expanded to include food and food products, and pursue improved timelines for regulatory approvals from the EU. These are the kind of practical, concrete steps that would improve market access for Canadian agriculture, creating jobs and prosperity in Canada.

The Government of Canada should also be promoting increased synchronization of approvals internationally on biotechnology. As part of this policy, Canada could consider and recognize the conclusions of risk assessments completed in other countries with reliable regulatory systems. This would all be part of a broader strategy of pursuing regulatory harmonization with Canada's trading partners. There are opportunities to do this via bi-lateral trade talks with nations such as China, Japan and Korea. These kind of simple, tangible steps would go a great deal to giving Canadian agriculture a stronger platform from which to grow exports.

Red Tape Reduction Commission

As an industry faced with multiple regulators within the federal government, we were pleased to see the creation of the Red Tape Reduction Commission. Compliance with regulation is a significant cost to the plant science industry, and when regulation grows too cumbersome, and begins to slow down productivity, it hurts the Canadian economy as a whole. Regulations must be reflective of changing economic realities, and the pace of work of regulators must reflect the growth of the industry being regulated.

CropLife Canada made a detailed submission the Red Tape Reduction Commission, giving several concrete examples of how federal government agencies, principally the Canadian Food Inspection Agency and the Pest Management Regulatory Agency, could change their practices to allow our member companies to innovate and grow more freely. These changes would continue to see the safety of Canadians put first, and the principles behind the regulations would not change. What we proposed, rather, is efficiency gains to prevent the duplication of work already being done by other government agencies, other nations, and the companies themselves.

We understand that there is a great deal of pressure on Canadian regulatory agencies in the face of budget constraints, increasing complexity of products and the number of products in the plant biotechnology pipeline. While this dramatic growth in the number of applications is exciting news for Canadian consumers, farmers and our economy, it means that regulators will have to increasingly focus on efficient and transparent performance.

One solution is to reduce the areas of overlap and duplication in regulatory reviews between the three regulatory departments responsible for the review of plant biotechnology (novel) submissions. This includes areas such as testing and detection methods, toxicology and molecular characterization.



The timeframe for regulatory reviews, appears to be increasing. Building efficiencies into the administrative process will increase the timeliness of regulatory reviews and improve economic productivity. This may involve defining workable performance standards that would be consistent across all departments and agencies.

Not all applications and risks are the same and regulatory reviews could be streamlined by ensuring that the amount and type of data needing to be submitted reflects the complexity of the submission. Moving away from a “one size fits all” regulation would result in shortened performance standards for familiar products.

As for Health Canada’s PMRA, we understand that pesticide regulatory processes are highly scientific, complex and resource intensive. They can also be duplicative particularly given the increasing globalization of agriculture and crop protection. CropLife Canada has long supported the harmonization goals and activities of PMRA that began in the 1990s. The advantages to international regulatory harmonization are numerous – from common data packages, predictable and timely review outcomes, common Maximum Residue Limits (MRLs) and conditions of use to small-market access to the latest, safest pesticides.

While significant progress has been made to date, CropLife Canada believes that even greater efficiencies can be achieved as a result of these international initiatives and through other streamlining activities that would provide significant advantages to growers without reducing protection to Canadians’ health or environment.

Our members made a number of recommendations on pesticide regulation in our submission to the Red Tape Reduction Commission. We believe the recommendations outlined ensure that protections are not lowered for Canadians and their environment while streamlining the regulatory approvals process to the benefit of businesses and Canadian agriculture. These steps would help ensure that the latest, safest products are available to Canadian growers at the same time as their competitors, thereby reducing the technology gap.

The Red Tape Reduction Commission holds great promise for our industry in particular, and the economy as a whole. Regulatory streamlining and harmonization increases efficiency and promotes innovation, thus creating jobs and improving prosperity for all Canadians. We look forward to regular reports of the progress made by the Commission, along with detailed responses from departments and agencies regarding the recommendations received during the consultation process.

Canada – U.S. Regulatory Cooperation Council

At a recent meeting between Canada’s Agriculture Minister Gerry Ritz and the U.S. Secretary Tom Vilsack, Canada’s Minister commented that “Canada and the United States already exchange over \$34B (CDN\$) in agricultural products every year. Working together, we can break down barriers overseas and expand the opportunities for Canadian and American farmers throughout the world.” We agree entirely.

Minster Ritz and Secretary Vilsack agreed to the establishment of a high-level working group to advance a science-based approach to global agricultural trade, improve Canada-US agricultural border flows and regulatory approaches, and further strengthen the Canada-US approach to food safety.



Building upon this environment of regulatory cooperation, CropLife Canada submitted to the Canada – U.S. Regulatory Cooperation Council information regarding areas for regulatory coordination between Canada and the United States. Issues such as a coordinated approach to Low Level Presence (LLP) policies, continued work on harmonized pesticide regulations, and common regulations on pesticide residue limits on fruits and vegetables are just three areas where both nations could very quickly reach agreements, thus benefiting the agriculture sector on both sides of the border.

Again, as with the Red Tape Reduction Commission, the work of the Regulatory Cooperation Council should be reported regularly to Canadians, detailing the feedback received and the progress being made. This will combat the cynicism from those who saw similar past initiatives come and go with little meaningful progress actually made. We are heartened by the work and the process as outlined so far, and remain hopeful that it will deliver tangible results for the Canadian economy.

Conclusion

The challenges of today's global economy are well known to all Committee members. Canada is, fortunately, well positioned to ride out these storms thanks to our strong fiscal position, and low tax environment. The Government of Canada can, however, take further steps to strengthen our economy through aggressively pursuing enhanced trade opportunities and tackling regulatory burdens, both domestically and with our largest trading partner. These policy initiatives will set the stage for greater innovation, investment, and job growth, both within the plant science sector and the economy as a whole. We want Canada to grow as a centre of research and innovation, and the pursuit of lessened regulatory burden and enhanced trade opportunities would represent strong, positive steps in the right direction.

