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# **Standing Committee on Agriculture and Agri- Food**

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**EVIDENCE**

**Tuesday, November 26, 2013**

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**Chair**

**Mr. Bev Shipley**



## Standing Committee on Agriculture and Agri-Food

Tuesday, November 26, 2013

• (1530)

[English]

**The Chair (Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC)):** I want to welcome everyone to meeting five. Pursuant to Standing Order 108(2), we are studying the Canada-European Union Comprehensive Economic Trade Agreement, known better as CETA, and the effects of it on the agriculture sector.

Today we have with us, from CropLife Canada, Dennis Prouse and Stephen Yarrow.

We welcome you both as witnesses.

There was to be another group, but they were unable to be here, in this schedule, so that one hour is allocated to CropLife should it go for that whole hour.

I will be breaking at the end of the meeting for a short business meeting of about five minutes, for those who are involved next week

**Mr. Pierre Lemieux (Glengarry—Prescott—Russell, CPC):** You know that we have votes, right, at 5:15?

**The Chair:** Are the bells at 5:15?

**Mr. Pierre Lemieux:** I think so.

**An hon. member:** Yes.

**The Chair:** I'd forgotten about that.

To the witnesses and members, then, if you don't mind, I may cut this part a little short and divide it up between the two of them so that we still have five minutes at the end.

Is that okay? I'm assuming that if it isn't, you'll let me know.

Mr. Atamanenko.

**Mr. Alex Atamanenko (British Columbia Southern Interior, NDP):** Did I understand correctly that the other group, the maple syrup producers, will not be here? Or are they here in the second half?

**The Chair:** Two maple syrup groups will be here in the second half.

**Mr. Alex Atamanenko:** Okay.

**The Chair:** I will turn it over to Mr. Yarrow or Mr. Prouse now for their 10-minute opening remarks, please.

**Mr. Dennis Prouse (Vice-President, Government Affairs, CropLife Canada):** Thank you Mr. Chair. We greatly appreciate your invitation to be here.

Given that there's another group that is not here, we will try to keep you entertained for as long as we reasonably can.

My name is Dennis Prouse. I'm vice-president of government affairs. Seated with me is Dr. Steven Yarrow, who is vice-president of biotechnology.

CropLife Canada is the trade association representing the manufacturers, developers, and distributors of plant sciences innovations, including pest control products and plant biotechnology, for use in agriculture, urban, and public health settings. We're committed to protecting human health and the environment, and 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 sciences industry 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.

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 also stimulate economic activity that flows throughout the entire Canadian economy.

Crop protection products and plant biotechnology lead to quality and yield enhancements that have led to 97,000 additional full-time Canadian jobs in more than 20 different sectors. 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% of Canada's food surplus can be attributed to increased yields because farmers had access to our technologies.

As you can see, Mr. Chair, our members are strong free traders. We know that trade and innovation are the two key pillars of growth and prosperity in Canada, and CETA supports both of those pillars. The grower groups that are members of the GrowCanada partnership also see export growth as a key to prosperity for Canadian farmers, which is why you will see strong support for CETA amongst every major grower group in Canada.

Current agrifood exports to the European Union are \$2.4 billion a year. When completely implemented, CETA will eliminate tariffs on virtually all of Canada's agriculture and food products. The Canadian Agri-Food Trade Alliance believes that CETA could increase total agrifood exports to the EU by an additional \$1.5 billion per year.

Across Canada, nine out of every ten farms are dependent on exports. This represents 210,000 farms and includes a majority of farms in every province. Canada's food processing sector employs a further 290,000 Canadians. Together these industries support over \$44 billion in annual exports and account for 11% of Canada's gross domestic product. The fact that Canada was able to secure such broad and meaningful access to an export market as large as the European Union is a significant achievement. The fact that we did so ahead of our major competitors is even better.

There are two key issues that we would like to bring to the attention of the committee regarding our trading relationship with Europe.

The first is the inclusion within CETA of a vehicle for cooperation on issues relating to biotechnology and trade. A biotechnology working group is tasked under the agreement to address the timelines for approvals of genetically engineered products and science-based policy and regulation. The agreement also includes new mechanisms for preventing and resolving trade challenges relating to plant health and food safety issues.

For our industry and Canadian farmers, this is an important breakthrough. I don't think we have to belabour the fact that issues around biotechnology and science-based regulation have been extremely difficult when it comes to our trading relationship with the European Union. To put it plainly, we believe that European opposition to biotech crops has been used as a non-tariff trade barrier, to the detriment of Canadian exports. The fact that the words biotechnology and science-based regulation are part of CETA is very important to our sector and will allow our respective governments to have meaningful and substantive discussions to improve regulatory impediments. Canadian farmers planted close to 29 million acres of biotech crops in 2012, and adoption continues to grow in Canada and around the world. The commitment to science-based regulation ensures that Canadian agriculture will remain competitive.

However, there are storm clouds on the horizon. The global crop protection industry has serious concerns about the European Union's regulatory framework for plant protection products, in particular the European hazard-based approach to pesticide registration articulated by regulation 1107/2009. In our view, this has the potential to be a significant non-tariff trade barrier for Canadian agriculture and agrifood products.

•(1535)

The approach taken by the European Union changes their pesticides registration process and moves it away from a science-based approach. The European Union approach will impact not only trade in pesticides—current and future—but also in food, feed, and seed products using these pesticides. The import tolerance specified by the European Union for these products is effectively zero, so even trace amounts could prevent the product from entering the European Union.

The use of hazard-based cut-offs, as opposed to Canada's risk-based approach, will expand to include compounds categorized as endocrine disruptors. The use of hazard-based cut-off criteria has the potential for negative and far-reaching impacts on global commerce. We believe this approach is not consistent with the World Trade Organization sanitary and phytosanitary agreement, to which the European Union is a signatory.

We have concerns about the impact of this action on Canadian farmers. Growers of cereals, oilseeds, pulses, horticulture, and many other things destined for European Union markets will potentially be prevented from using a large number of safe, effective pesticides that have been assessed by Health Canada. Growers need all the tools they have as well as future innovations to combat pest problems and to feed a growing world population. Europe's actions in this area could have negative impacts on innovation and the introduction of new technologies.

We know that our American counterparts are pushing aggressively for this issue to be dealt with in their current trade talks with the European Union. We have outlined our concerns previously to Agriculture and Agri-Food Canada and International Trade, and we would ask that the Government of Canada continue to be vigilant in insisting that science-based regulation be respected in our trade relationship with the European Union.

We should remind ourselves that Canadian farmers would lose 30% to 70% of their harvests without access to the latest innovations, such as genetically enhanced seeds and pesticides. Agriculture is a tremendous avenue for future Canadian trade growth and CETA provides an avenue for Canada to both grow its agricultural exports and address regulatory challenges on biotechnology and pest control products. It's a tremendous step forward and a statement of confidence in the future of Canadian agriculture.

We thank the committee for its time, Mr. Chair, and we'd be pleased to answer any questions you might have.

•(1540)

**The Chair:** We'll go to the round of witnesses.

Madam Brosseau, go ahead, please, for five minutes.

**Ms. Ruth Ellen Brosseau (Berthier—Maskinongé, NDP):** Thank you, Chair.

I'd like to thank the witnesses for being with us today.

I have a few questions on this working group and the harmonizing of standards when it comes to biotechnology. What should this working group look like? Who should this working group comprise?

**Dr. Stephen Yarrow (Vice President, Plant Biotechnology, CropLife Canada):** I think there's already a relationship between the Canadian government and counterparts in the EU, including senior managers of CFIA, Health Canada, Agriculture Canada, and so on and their counterparts in the EU. We see that this CETA underscores that relationship and formalizes a working group. I've imagined that the working group would have similar representation, including experts on trade.

**Ms. Ruth Ellen Brosseau:** I wonder if you could comment on how GMOs are in Canada and how they are in Europe. What role would the government have to play in overarching and building bridges in the long term. Could you comment on what kind of role can be played? Could you comment on the low-level presence and how...

**Mr. Dennis Prouse:** I'll let Dr. Yarrow speak to the low-level presence issue. He knows it far better than I.

It was interesting. I was just speaking right before the meeting, in fact, with your colleague Mr. Allen. Nowhere are we trying to change European attitudes on biotech or trying to sell them, if you will, on a particular vision. This is about facilitating trade. What had happened previously—Stephen can expand better on the details than I can—is that trade was being held up due to issues of low-level presence. In no way are we trying to prejudge the attitudes of EU member nations on those products; we simply want to facilitate trade of products they want—

**Ms. Ruth Ellen Brosseau:** —and to make it work.

**Mr. Dennis Prouse:** How do we make it work? There are two separate issues here. There's the emotional debate about GM and non-GM and then there's simply facilitating trade. In our view, the biotech working group is about removing those irritants and facilitating trade.

I know Stephen can probably do a far better job than I on the issue of...

**Dr. Stephen Yarrow:** I think there's a perception that the EU is very much against genetically modified plants and certainly the extent of cultivation of such plants in the EU is very small. I think there are like 200,000 hectares of genetically modified corn grown in Spain and, actually, that's growing as each year goes by, but it's pretty modest compared to North America.

The reality is the Europeans really embrace biotechnology inasmuch as livestock feed—in other words, quite a large proportion of the corn and soybeans in North America and portions of that come from Canada—is exported to the EU to support their livestock feed industry. They demand it. The problem we have is that from time to time there will be a new corn product or a soybean product that's developed in Canada. Farmers want to access the technology, grow those varieties, but the particular trait, characteristic, however you want to describe it, hasn't yet been approved in the EU.

They have a slightly different system in the EU, where they approve things for like five years and then the approval expires, so sometimes these products sort of expire in terms of their registration. Canadian farmers are getting caught because they want to grow varieties of corn and soybeans, but it's kind of a losing playing field as to which ones they can put in the ground vis-à-vis how they're

going to be received in the EU. That speaks to the low-level presence policy.

As you probably well know, the Canadian government is bravely proposing a low-level presence policy—and that's still under development—but, more importantly, they're embracing conversations with other countries, like-minded countries, that also have interests in agriculture and innovation and biotechnology as well. At the moment, it's been difficult to get the EU governments to engage in those conversations. The fact that we have this working group sort of enshrined, so to speak, in CETA gives us, in my view, a very good avenue to be able to start having conversations around lower-level presence with the European Union counterparts.

• (1545)

**The Chair:** Thank you very much for your questions.

I'll move now to Mr. Lemieux for five minutes, please.

**Mr. Pierre Lemieux:** Thank you, Chair.

I particularly appreciate your background in science and technology, particularly with our Growing Forward 2 and our focus on science and innovation. Clearly, we're trying to move the yardsticks forward as well within the domain of science.

I wanted to ask about science, actually. Your client organizations, the kind of organizations that you would interact with...can you perhaps share with the committee what kinds of technologies or biotechnologies have either recently come to market or might come to market in the near term that would help our farmers compete in Europe and take advantage of what CETA offers them?

**Dr. Stephen Yarrow:** I'll have a go at answering that one. Of course, just to clarify, we're from CropLife Canada. We're an association that represents the interests of members, companies that are developing these things, but they're not always going to tell us what they have in their pipeline.

**Mr. Pierre Lemieux:** I understand that.

**Dr. Stephen Yarrow:** It's a very competitive process.

Also, as you know, for the last 15, 20 years, farmers in Canada have enjoyed to a large extent, with corn, soybeans and canola, traits such as herbicide tolerance and insect resistance, and so on. That has really, in some aspects, revolutionized how farming is done in Canada. That's been a great benefit for Canadian farmers, who then harvest their materials, their grains or whatever, which then can be exported to the EU.

So what's in the pipeline for the future? There are going to be more of those things—different types of tolerances to herbicides and more resistance traits to insects. Reflecting on what my colleague mentioned earlier, between 30% and 70% of crops would just be lost unless we have innovations. It's not just biotech, it's not just pesticides, but innovations such as those are very important.

Our member companies are actively looking into other avenues that will be useful for farmers, drought tolerance, for example. In fact, I think there's going to be a drought-tolerant corn variety that will be available next growing season. There will be more of those sorts of things as well. We're hearing about salt-tolerant crops. Moving further out into five and ten years' time, there may be some characteristics introduced through these modern innovations that will benefit consumers in terms of removal or minimizing the presence of allergens, modifying oil profiles, and those sorts of things.

How those things will play out in terms of the EU market, we don't know at this point. What we're seeking is sort of a level playing field in terms of how these things are regulated in Europe versus Canada, science-based regulations, those sorts of things.

**Mr. Dennis Prouse:** Just to add to that in terms of what's currently happened, canola yields are up about 20% in the last 10 years. That's a hard real number: canola yields are up 20%. That's tremendously significant and modern agriculture is what's driven that.

**Mr. Pierre Lemieux:** Very good, thank you.

Let me also pursue the line of questioning about GM products. I want to clarify, of course, that the EU does accept GM product, but for things like animal feed. There are really two questions there.

Again, based on your viewpoint as CropLife, feedstock can now be GM and Canada can now export GM to Europe for feedstock and there's sort of a low-level presence type of policy, that, of course, you're right, we're bravely trying to negotiate with some of our key trading partners. Do you see those two initiatives as being an advantage under CETA to Canada and to our farmers?

• (1550)

**Dr. Stephen Yarrow:** Yes, I think it's going to be more good news for our farmers. Then when there may be some sort of technical aspects of misunderstandings or disagreements between the regulators in the EU versus Canada, we have a much stronger venue to have those conversations, because it will be enshrined within this agreement. So we see it as really helping the conversation.

Those conversations are going on already in other aspects, but I think having that agreement between the EU and Canada is going to be hugely beneficial.

**Mr. Pierre Lemieux:** Okay, thank you.

Thank you, Chair.

**The Chair:** Thank you very much and I'll now go to Mr. Eyking for five minutes, please.

**Hon. Mark Eyking (Sydney—Victoria, Lib.):** Thank you for coming here today.

You people may realize right now the Europeans are banning our seal products over there and now we have to go to the WTO to get them back into the EU. We just hope as we go down this road with the trade agreement that with all of our agricultural products we're hopefully going to sell over there we're not going to be hit with those. We've given up quite a bit with this trade agreement. We've given up cheese, and some of our pharmaceutical prices, and some of the local content and infrastructure.

My question is on dealing with the negotiators when they were hammering out this deal. You stated there was an assessment process the Europeans have and that we're going to be working more in conjunction with them, but when they're assessing whether our food is compatible or safe, they could throw up pesticides, hormones, or plant pathology, and we mentioned GMOs. When this deal was being hammered out—and in every deal you're giving up something, you're getting something—do you think the negotiators should have had something a little stronger in there?

You mentioned this five-year revolving door, and the worst thing that can happen is we send products over there and they're rejected by consumers, or farmers, or whatever. And they might be safe and they might be part of the agreement but that's not going to help our product when it's sent back. My question is do you think the negotiators should have hammered out a more ironclad system so that we're not going to be discouraged from everything we send over there?

**Mr. Dennis Prouse:** I could open it and just say we understand, and our members clearly understand, the difficulties just in speaking about biotechnology towards trade with the EU on biotech issues. It's difficult. Our expectations were extremely modest. There is a working group and there is the science-based regulation, one that we're particularly fond of, as you know. We'll hold onto that as a victory. Would we have liked more? Absolutely, in any trade negotiation you would like more.

But in recognizing just how challenging those issues are in dealing with the European Union, we'll grab that and we'll hold onto that, and we'll see if we can build on that success. It's baby steps when it comes to these issues.

**Hon. Mark Eyking:** You're talking about science and scientists and everybody agreeing, and the negotiator agreeing, all agreeing that beef, pork, whatever product should be coming into Europe, but many times you're dealing with emotion, which is not science-based, so you get farmers and you get consumers....

Do you think we're going to have to have an action team or something from the Canadian government that's going to help us promote and explain our products over there and help us to show how we grow? With climate change and things like that, if we have to grow different types of varieties, it's not a monster product that we're sending over, it's a product that's adapting to climate change or whatever. Do you think we're going to have to do it as a government or do we have to rely on the commodities to do the selling job for their products over there to say that we're safe and they should be confident with our products?

**Mr. Dennis Prouse:** I know the grower groups are all doing that already. They log an awful lot of time on airplanes and spend an awful lot of time in Asia, in Europe, selling their products and telling their stories.

We're also mindful of the fact that there is a market access team at Agriculture and Agri-Food Canada that is hard at work on these very issues. They have a market access day every year and they invite stakeholders like ourselves and other grower groups there. Every year I'm struck by how difficult their job is and how glad I am that I don't have their job. It's difficult. These trade issues, as you're understanding, are tough to deal with. But I'm confident that the market access team has a pretty firm hold on what the challenges are.

• (1555)

**The Chair:** You have 25 seconds.

**Hon. Mark Eyking:** But do you think we need to step up our game because we're in Europe? It's quite different from China. I'm not saying they're more knowledgeable, but more sensitive to technology. Are we going to have to be able to step up our game when we're into Europe?

**The Chair:** A very short answer please.

**Dr. Stephen Yarrow:** Yes.

**The Chair:** That's very short. Thank you very much.

Now we will go to Mr. Hoback, for five minutes, please.

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

Welcome, witnesses, to the agriculture committee today on such a great topic called CETA.

One of the things I want to start off with is UPOV 91. We're talking about looking at that here in Canada. I believe the EU has already signed on to that policy. Can you confirm that?

Do you see that helping to establish more research here in Canada, and in Saskatchewan in particular?

**Dr. Stephen Yarrow:** I'll have a go at that one. That's a little bit outside of our expertise. Certainly, our colleagues in the Canadian Seed Trade Association have lots to say about UPOV 91.

**Mr. Randy Hoback:** But even on the research side rather than the chemical side.

**Dr. Stephen Yarrow:** Right, what we're talking about here are avenues for effective intellectual property protection and plant breeders' rights, which is what you're speaking to. This is one particular tool to help with that.

The thinking is that the current Plant Breeders' Rights Act in Canada is out of date. It's based on the previous UPOV and it would be beneficial for research, for farmers and so on, for Canada to update ourselves as a country.

**Mr. Randy Hoback:** You talked a little bit about clouds on the horizon, and I guess that's very true. Things are changing in Europe right now. The way they go about subsidizing their farmers is changing. Their focus is going off the bigger farms now onto the smaller farms. The high-intensive mechanized farming is receiving smaller subsidies and smaller pieces of the pie.

I guess those clouds that are on the horizon are on the horizon whether we do this deal or not. Is that fair to say?

**Mr. Dennis Prouse:** That's extremely true. That was going to be an issue, regardless. In fact, I should clarify my opening statement in that CETA at least provides an avenue and a structure to talk about these issues, so it's a net plus.

Those issues that I discussed, which we have raised with international trade and with Agriculture and Agri-Food Canada, we've put out there, but there is no question that those would be there regardless of CETA. In fact, CETA could well help in smoothing them.

**Mr. Randy Hoback:** I used to work with Flexicoil and then Case New Holland in Europe and we had some research farms. The homologation process for Canadian equipment going into Europe was amazing—there was no process. If you had a dispute with them, it was basically taken the way they said it was and that's the way it was.

With this trade agreement, you'll have a dispute settling mechanism where you'll at least have a process to go through to settle the differences you may have. That would definitely be beneficial, would it not?

**Mr. Dennis Prouse:** That would be extremely beneficial for us. We always have the mantra of rules-based trade. What is rules-based trade? Agreements like this are rules-based trade. That's why we welcome it and it's why we would welcome the Trans-Pacific Partnership as well.

**Mr. Randy Hoback:** Again, that comes back to rules-based or science-based trade. That's one way to head off politicians getting in the way of what are true food safety issues. Instead of a political issue getting in the way and saying, "We're not going to allow you to bring this product in" you can actually push back through this process and say, "No. Based on science, this is safe." Is that fair to say?

**Mr. Dennis Prouse:** Yes, absolutely, that's our assessment as well.

**Mr. Randy Hoback:** Okay.

I think I'll leave it at that. I really wanted to highlight that the clouds are on the horizon, no matter what happens, and that we need a process.

The other thing I'd sum up with is that, coming to Canada, there is access to the U.S. market and now the European market. For international companies such as the ones you represent, it must be very attractive to think of the low tax base we have in Canada, and the great educated workforce we have here. I would think you'd be locating a lot more resources here in Canada.

**Mr. Dennis Prouse:** We're excited about the future of Canadian agriculture and we think our members are as well.

I answered the question from Mr. Lemieux earlier talking about the growth in canola. One of the things I didn't get a chance to touch on is how many more research facilities have come up in Canada in the last decade. Some of them have been based in Saskatchewan and some in Manitoba, and we've seen some in Ontario. We've seen some significant investments in research. I think that's a pretty strong statement in support of the potential for Canadian agriculture.

**Mr. Randy Hoback:** A good point is that I think a lot of the yields of canola were 60 to 65 bushels an acres, which was unheard of five years ago.

We're going to have that research here, I'm hoping, and not only that, our farmers are going to get to use that research.

• (1600)

**Mr. Dennis Prouse:** That's the plan.

**Mr. Randy Hoback:** Thank you, Chair.

**The Chair:** Thank you very much.

Now we will move to Madame Raynault, please, for five minutes.

[Translation]

**Ms. Francine Raynault (Joliette, NDP):** Thank you, Mr. Chair.

My thanks to the witnesses for joining us this afternoon.

The perceptions of genetically modified organisms and their use are very different in Canada and in the European Union. What particular language about the low-level presence of GMOs would you like to see in the CETA?

[English]

**Dr. Stephen Yarrow:** I think you're referring to issues around low-level presence.

As I mentioned earlier, there are conversations going on between countries already on that subject. There are 15 like-minded countries, led by Canada under the banner of the global low-level presence initiative, talking about how to deal with low-level presence. We would very much like to have the EU join that conversation. It will be very important to raise awareness about it. There's a lot of confusion around low-level presence and what it means, what it doesn't mean, and so on.

If CETA can help us facilitate that conversation, then I think that would be a very good thing.

[Translation]

**Ms. Francine Raynault:** On your website, you state that the government has a major role to play in the approval of new products containing GMOs, specifically through Health Canada and the CFIA. Is the concern that GMOs and pesticides should have no effect on human health very common in Europe, as we see with their reluctance in terms of LLP? Exactly what is the procedure those two agencies follow before giving you the green light to bring a new product to market?

[English]

**Dr. Stephen Yarrow:** I started working for CropLife Canada about two and a half years ago, and I had a career with the government on the regulatory side before then.

I asked my members, what do you think about the Canadian regulatory system, what are the issues, and so on? Without any hesitation, exception, they all said Canada's regulatory system is world class; it's the best in the world, the most science-based, the most predictable, and they're very happy operating in Canada.

What they're talking about are regulatory regimes in the Canadian Food Inspection Agency that cover the environmental safety

assessment of these new crops and the livestock feed safety assessments. Then at Health Canada, there's the food safety assessment that takes place.

The three streams of regulations, as I understand it, work very closely together, and not one of them will make a final decision until the other two have as well. We have a "no split approval process" in Canada. Until all three are satisfied, a product would not be authorized for cultivation and marketing in Canada. I think we have a very good and robust regulatory system in Canada, to be proud of.

[Translation]

**Ms. Francine Raynault:** Does it take many months or years to get the green light to bring a new product to market? How much time does it take?

[English]

**Dr. Stephen Yarrow:** According to the members I have spoken to, it takes anywhere from between one year and three years to go through these three regulatory streams and they happen concurrently. This is in the context of probably a 10-year to 13-year process, from the invention, so to speak, of a new characteristic through these new genetic enhancements, right through to getting the final approval.

**The Chair:** You have 30 seconds.

[Translation]

**Ms. Francine Raynault:** Differences in the approval processes for GMOs in Canada and Europe have led to approvals being given at different times. Is there a similar problem with phytosanitary products?

[English]

**Dr. Stephen Yarrow:** Actually, it's quite astounding that the regulatory process, in terms of the science-based review, is virtually identical in the EU or as similar to Canada as it is in any other part of the world, such as the Australian, U.S., or Brazilian systems, and so on. For example, the European Food Safety Authority has very similar information requirements, goes through very similar risk-assessment requirements, and so on. It's very much the same. The problem is the political decision-making process at the end of it. It is very different in the EU versus Canada.

• (1605)

**The Chair:** Great. Thank you very much.

Now we will go to Mr. Payne for five minutes, please.

**Mr. LaVar Payne (Medicine Hat, CPC):** Thank you, Chair, and my question is through you to the witnesses.

Thank you, gentlemen, for coming today. I think it's really an exciting time for Canadian agriculture.

Mr. Prouse, you did talk about the \$2.4 billion currently being exported to Europe and an additional \$1.5 billion. We know that there are some tariffs on a number of agricultural products. I wonder if you could just touch on a couple of them, how those tariffs will be removed, and the size of the tariffs.

Second, what will that mean at the farm gate for the farmer?



**Mr. Dennis Prouse:** What's most impressive about CETA is the fact that virtually all tariffs are being removed. In fact, they're being removed at a faster rate and a more aggressive pace than they were in the Canada-U.S. free trade agreement. That's particularly noteworthy.

In our sector, there are two ways to look at it. One would be simply looking at grains and oilseeds, and there will be an increase in trade in grains and oilseeds. But what I think is probably more significant is what's below the waterline of the iceberg. My colleague Dr. Yarrow referred to feedstock and what we do to support the agrifood business in Canada. That's the part that you wouldn't necessarily see. We think there are tremendous avenues for growth there once those tariffs are removed. As I say, what's most impressive is how quickly they will be removed. It will provide tremendous opportunities.

**Mr. LaVar Payne:** Do you have any ideas on what that will mean at the farm gate for the farmer?

**Mr. Dennis Prouse:** We've certainly seen farm gate income continue to rise. I believe it has risen for the last three consecutive years. Farm gate income continues to rise. Obviously we have no crystal ball to see what commodity prices will be, but we do know that there is a continued demand for food globally. We know there's a continued demand for quality food and Canadian food. So the long-term trend lines are what matter and those long-term trend lines are incredibly positive.

How do we then take that demand for the product and put some rules under it so that we can facilitate trade? That's what CETA does, in our view.

**Mr. LaVar Payne:** So it's an increase in the opportunities there.

What do you see in terms of innovation and research for the ag sector?

**Mr. Dennis Prouse:** Innovation is my colleague Dr. Yarrow's territory.

**Dr. Stephen Yarrow:** I think I can attempt to answer. Something we haven't talked about today is: what do we mean by biotechnology anyway?

If I can backtrack, the products that we've been talking about, the insect-resistant corn, herbicide-tolerant soya beans, and so on, those were all developed in the 1980s, early 1990s, and came to the marketplace sort of in the late 1990s and so on. The additional varieties or new traits that have come along have been sort of similar, or they've been repackaged, combined, and so on to create new varieties. Those types of technologies are getting a little old now. They're like 20 years old. They're almost antiques in a way, relatively speaking.

Again, as I mentioned, we don't have the details, our members don't tell us the specifics, and there's a reading of the tea leaves so to speak around this, but coming down the pipeline there's going to be a whole slew of new genetic enhancement-type techniques coming along that I would predict within five or 10 years' time will translate into additional new products, new innovations in varieties, and so on.

My point in raising this in the context of CETA is that the European Union regulatory system is anticipating these new

products as well. The regulators are asking themselves if they are GM or not, how do they fall within the respective legislation in the EU, and similar conversations are happening here in the Canadian Food Inspection Agency and Health Canada, as I understand it.

So the really important thing about this agreement and the element around biotech is that it allows the regulators under this banner of CETA to have a healthy conversation around how our respective regulatory systems are going to handle these products down the road. That doesn't mean to say that the European countries dictate to Canada how we regulate them, nor vice versa, but it provides a venue for a good conversation for scientists in the regulatory regimes to have those discussions. So I'd be—

• (1610)

**The Chair:** Thank you very much. We're out of time.

**Mr. LaVar Payne:** Oh, that's too bad. I had—

**The Chair:** I know.

Mr. Atamanenko, please. You have five minutes.

**Mr. Alex Atamanenko:** Thank you.

I'm sure the questions that I'll ask are the same ones that my colleague just across the way was going to ask.

**Voices:** Oh, oh!

**Mr. Alex Atamanenko:** Thank you, gentlemen, for being here.

Just furthering the discussion on GMOs, we were talking about the hope by our industry that our products will be acceptable in Europe as we undergo negotiations and regulations. In Canada we have a concept called "substantial equivalency", where basically, if a GMO product looks, feels, and smells the same as a non-GMO, it's deemed to be safe, as is a non-GMO product.

Most of our research is industry-based, and often that's basically rubber-stamped by our government. Would it help, do you think, if we want to ensure that our GMOs are accepted in Europe, that we undertake more independent research? In other words, the government or another independent agency, apart from industry, undertakes research to look at the effects of, for example, stacked traits in corn, gene splicing, all of the traits that we currently have that basically make a plant either herbicide-tolerant or insect-resistant.

Should there be more independent research or independent studies to give us more clout when we're negotiating with the Europeans?

**Dr. Stephen Yarrow:** I understand what you're saying in terms of how the risk assessment information is generated. It is generated by the proponents, be that a private company, a public institution, or a university laboratory and so on. That's the system we have in Canada. It's exactly the same in all parts of the world, actually. The European Union is no exception. But it is the proponent's burden to prove that their products are safe by conducting research to generate information that's more or less dictated, in a sense, by the regulatory guidelines of the regulatory agencies, be it the CFIA or the European Food Safety Authority.

It's expensive to do that. It takes many years. There has been some discussion that, well, perhaps the taxpayer should pay for that in terms of independent research or through grants and so on through universities. From our members' point of view, fine, we have no problem with that. That said, a lot of our members actually do engage with universities and independent scientists to assist them in generating the very information that is delivered to the CFIA and Health Canada.

Currently we have a system where it's a bit of each. There is independent...although it's paid for indirectly by the industry, plus our member companies are also generating this information. So we already have a mixture of those two things.

I'd also submit that because of the interest in biotechnology from all sorts of directions, there's a lot of independent research going on as we speak, more and more now than there has ever been. The conclusion, as far as my reading is concerned, has always been very much the same: there have been no significant risks identified with these products, be it the independent research or be it the research of a company such as Monsanto.

**Mr. Alex Atamanenko:** Thank you.

I have two more questions. Hopefully I have a little more time.

Many are concerned that we're discussing this agreement but we haven't actually seen the text. Is there any concern in your organization that we should really have the text, all the details of the text, in front of us? Are you making any overtures to the government to try to get a release of the text so that we can actually see exactly what's involved for your members?

The other questions is to just ask for your opinion. One sector that's been hit by this is the dairy sector, the cheese makers, specifically in Quebec. Is it fair to sign this agreement so that our dairy farmers are competing with farmers who are subsidized? In other words, we have subsidized farmers in Europe sending cheese into Canada, competing with our cheese producers.

Hopefully you have a few seconds to answer.

•(1615)

**Mr. Dennis Prouse:** I'm not going to touch the supply management question with a barge pole, with the greatest of respect. We have lots of problems; I'll leave that one for others.

I can talk about the text, though. The section on the biotechnology working group—it is what it is, to borrow an expression. It's more about future work than present work. We feel that we have all the details we need now to move forward on that.

**The Chair:** Thank you very much.

Mr. Harris, you have two minutes, please.

**Mr. Richard Harris (Cariboo—Prince George, CPC):** Thank you very much.

I'd be remiss if I didn't congratulate your organization on your choice of your new president and CEO. I know that Mr. Menzies, Ted Menzies, will lead you guys down some really incredible paths.

I have a question about the market of 500 million people that's opening up to farmers. I know that there's a tremendous amount of

grains and oilseeds going to China and India now. It's a huge market there. All of a sudden we've got this new EU market, a huge market for us. How are we going to be able to fully take advantage of all the opportunity to sell into that market, when I understand that, as much as we can supply to China and India, they still want more? Where are the extra crops going to come from, the extra product?

**Mr. Dennis Prouse:** My friends at the Grain Growers of Canada will probably be in a lot better position to answer that than I would. My understanding, in speaking to them, is that they feel that the growth in the European market will be more gradual. It won't be an instant ramping up of demand from the grains and oilseeds side, whereas the demand you're seeing on the Asian side ramped up very quickly.

That's my understanding, but, as I say, the Grain Growers of Canada would be in a far better position to answer that.

**Mr. Richard Harris:** Okay.

That ramp-up in Asia is still going, and they anticipate it's going to keep going that way for the next 20 years.

**Mr. Dennis Prouse:** Yes, and I would certainly categorize that as a nice problem for Canadian agriculture to have.

**Mr. Richard Harris:** Yes, for sure.

Just one quick question. You talked about the GMO, the biotech of foods. There'll be an issue with the EU on sending those types of foods over there. Isn't the feedstock that we are presently producing GMO products? Yet we're going to be able to send the boxed beef and pork over there, having been fed? It's sort of a contradiction of thought there on their part, isn't it?

**Mr. Dennis Prouse:** Oh, we have those discussions internally quite regularly. As I say, if I were to try to make sense of attitudes on that, we'd be here for an awfully long time.

**Mr. Richard Harris:** More politics than anything else, right?

**Mr. Dennis Prouse:** I think you're probably on to something there.

I don't think we're going to shift that overnight. Our goal here is for opportunities for Canadian farmers to grow exports and products that Europeans want, and eliminating technical barriers to moving those products over. I think the marketplace, frankly, will look after those issues in due course.

**Mr. Richard Harris:** Thank you.

**The Chair:** I want to thank you, Mr. Harris, for your intervention, and I want to thank the witnesses for coming out.

We will suspend for a few minutes and allow the new witnesses to come forward, please.

I know we have some technical stuff to address.

We'll be back in a couple of minutes. The quicker we can get reorganized, the more chance we have to ask questions.

•(1615) \_\_\_\_\_ (Pause) \_\_\_\_\_

•(1620)

**The Chair:** I'd like to have everyone's attention so we can start again. Could I have your attention, please?

I want to welcome to the Standing Committee on Agriculture and Agri-food regarding CETA, from the Citadelle, Maple Syrup Producers' Cooperative, Martin Plante, director general; and from Fédération des producteurs acéricoles du Québec, Mr. Serge Beaulieu.

I will turn that over to you. We have 10 minutes for opening remarks.

**Mr. Martin Plante (Director General, Citadelle, Maple Syrup Producers' Cooperative):** Thanks, everyone, for giving us a chance to be heard today. It's very important to us.

While we have the chance to be in front of you, I will take a minute and a half to introduce us. You have the documentation.

We are a maple syrup cooperative. We belong to 2,000 families. Beyond that, we are a honey co-op and a cranberry co-op as well. We are dedicated to producing 100% pure products. This is very important, and we will talk about the quality of the product out there. We are dedicated to 100% pure products. We do not sell mixed products.

We do \$90 million in sales, with 95% of that exported to more than 40 countries and five continents. We've been operating since 1925. It has been quite a long time. There are 350 employees and 2,000 families. There are 2,000 families in the maple industry. Like I said, there are families in the honey business as well, and there are families in the cranberry business.

You will find that a heart is shown on this next page of our presentation, following the three types of production. It's very significant to us and is our brand new signature, because the heart is the passion of our producers. It's the values when we trade. It's the values in the way we behave with our human resources.

In a trade show, everyone in the business sells or shows a product. We show who we are. That's our way of doing business. We've won in "Trends & Innovations" at SIAL in Toronto. We've been named Canadian exporter of the year. We've won the Canada brand award. We've won many awards from the International Maple Syrup Institute.

I've nearly finished going over what we do. We have our own stores, the Canadian Maple Delights stores, where we have a lot of different products. We do our own desserts. We create new packaging and innovation. This is why we say that we're producers of pure innovations.

Also, like I said, we are in the cranberry and the honey business, so I will cover the importance of this agreement between Europe and Canada by talking about more than one product. I will flip over to maple and then to cranberry, because it's the same reality.

The importance of the maple sector in 2009 was 13,000 jobs and almost \$800 million in assets. In 2012, we were exporting almost \$250 million.

Most important, this next slide shows that among the exports of maple syrup, 20% of the exports are represented by the European market already. If we take out the U.S. sales, close to 60% of the sales of maple syrup are in the European market.

This agreement is very important to us, because today we have—unless you give me a great announcement that the fees for selling in Europe are no longer there—fees of 8% for maple and 17.6% for cranberries. It's very important, because there is the U.S., and we call that the U.S. nightmare. I'll explain that to you. In the cranberry industry, there are U.S. businesses that open factories or sell their product through Chile. That has no fees. It does not create a lot of jobs in Canada.

If we let the U.S. sign the agreement before Canada, we will be hit very hard in the cranberry and the maple sectors. On the other slides, I do not want to go too far, because there is a whole lot of data, but another slide shows the growing numbers of taps in the States.

•(1625)

Quebec is still the leader in the system. We work together with the federation. We have a great system. We push on quality; I showed you the exports we already have, but still if the Americans sign an agreement with Europe before we do, they will dig into the volume we already have or the growth we might expect from that kind of agreement. Not that I want to be negative, I just want to give you an example of what happens when we wait until the other country signs onto something.

This shows the level of paperwork we have to fill in if I'm an organic producer-packer: in the States it's about that big, in Canada it's that big, and in Japan it's that big. Unfortunately, a U.S.-Japanese trade agreement on the organic business was signed within the last month—and you all know about that—which means that whatever paperwork we have to fill in, the U.S. and the Japanese organic certifications are becoming the same.

It's very hurtful for Canada because I know we sell maple syrup in Japan. We know that it's very hard and we know that making organic maple syrup in the States is very easy, but now they're equivalent, so that will be pretty challenging for our market. I don't want to say we did not do what we had to do. It's just an example to say we need to move on with this agreement.

I've been talking about this for so many years with our fellows in the federation, why don't we take the chance of having this agreement to protect the name "maple syrup"? If you go to Europe "maple" is written on the shelves, but it doesn't taste like it. A whole bunch of products on the shelves in Europe have been packed with no protection for the name. If they're requesting that we protect some of the names of the products coming from Europe, this agreement is the right time to do it. Maple is the emblematic logo and product of Canada. Are we going to protect it?

Just to let you know, my final word, I am talking as the CEO of Citadelle, but we have an industry association, and I spoke with everyone in the industry to make sure they agree with those statements, so all the Quebec industries are behind this statement and proposal.

● (1630)

**The Chair:** Thank you very much.

Mr. Beaulieu, did you have comments?

[Translation]

**Mr. Serge Beaulieu (President, Fédération des producteurs acéricoles du Québec):** Good afternoon. Thank you for inviting me to testify.

My name is Serge Beaulieu and I am a maple producer from Ormstown in the Montérégie region of Quebec. I am also the president of the Fédération des producteurs acéricoles du Québec, an organization founded in 1966. Our mission is to support the economic, moral and social interests of the 7,400 maple syrup companies in Quebec. We represent the men and women who work together in order to market their product collectively. Because of the quality of their work, today, Quebec provides 75% of the world's maple syrup production. Total Canadian production represents 80% of the world's production.

The Fédération des producteurs acéricoles du Québec welcomes the proposed free-trade agreement between Canada and Europe as a positive development. The agreement means that tariffs on exports of maple syrup and other agricultural products to Europe will be eliminated. This will help the Canadian maple industry to break into new markets, and to set our products apart from, say, American products.

For a number of years, maple producers and processors have invested in research and development in order to develop new products and to promote the health benefits of maple syrup. For the last seven or eight years, we have been investing money we receive from the federal government and money from producers and processors into that kind of research. Each time we have conducted research into the benefits of maple syrup, it has had a positive impact and has allowed us to develop our product around the world.

In 2012, the countries of Europe represented between 18% and 20% of the market share for maple syrup and maple products exported around the world. That had a value of \$48 million for a volume of 14 million to 20 million pounds of maple syrup. After the United States, Europe is the second biggest export market for Canadian maple syrup. So Europe is a major market for our industry.

For a long time, our federation has been asking federal authorities to work towards the elimination of European tariffs because their effect was to limit the volume we could export. In recent years, our federation has also held a number of promotional activities there, specifically in France, Germany and England.

Working with la Financière agricole du Québec, we have funded promotional activities in Europe by reimbursing some of the expenses of maple producers in a number of markets. More recently, with the help of the provincial and federal governments, some leading chefs have been named as maple ambassadors. As well as

promoting the delights of maple products to people over there, their mission is also to use their creativity and imagination to come up with new taste experiences. This is one of the ways in which we are moving maple products to new frontiers. Simply put, we have to continue our efforts to reach new consumers in that pool of 500 million people.

However, the federation is concerned by some aspects of this agreement. If the present 8% customs tariff disappears, we hope that the savings will result in more maple syrup being sold in Europe and not in more middlemen becoming involved in distributing it. Specifically, in order to promote maple syrup sales in Europe and to fully benefit from the signing of the agreement, it is critical that financial initiatives begin now so that the volume of exports can increase.

In that light, last March, the federation submitted a funding request to Agriculture and Agri-food Canada's AgriMarketing program. As of now, it seems that a part of the proposal will be rejected. That does not increase our chances of making inroads in this free trade environment. So we hope that the federal government will support the funding request to the AgriMarketing program in its entirety. We can then take full advantage of the lowering of tariffs in European markets. In the past, we have observed that, any time investments have been made in promoting our product, such as by having people taste it, its development has been enhanced.

● (1635)

That is more or less an overview of the federation's position.

Do you have any questions?

[English]

**The Chair:** I'm sure we'll have a number of questions, so I would like to start.

Thank you for your presentations.

I'd like to start the first five-minute round with Madam Raynault, please.

[Translation]

**Ms. Francine Raynault:** Thank you, Mr. Chair.

My thanks to the witnesses for being with us this afternoon. As you can tell, I speak French. I come from the Lanaudière region of Quebec, and I represent the constituency of Joliette, where we have maple syrup producers.

Maple syrup is a 100% natural product whose flavour and colour vary throughout the season. In 2012, organic maple syrup made up 20% of Quebec's entire production, making it our largest organic product. However, consumers are not well aware of the distinction between organic production and conventional production.

In your opinion, what steps could be taken to allow consumers to become more aware of the distinction between these two production methods? Like everyone else, I always thought that maple syrup was a natural product.

**Mr. Serge Beaulieu:** It is natural, whether or not it is organic. The difference lies in the method of production.

With organic maple syrup, no cleaning products can be used during the boiling season. The stands of trees have to be properly maintained. Things must be monitored. There is also a list of requirements that have to be followed meticulously every day. Producing that kind of maple syrup requires much more work. That is what explains the difference between the two products.

Both are natural, whether organic or not. The difference is in the method of production. Equipment requirements are much more rigorous for organic products.

**Ms. Francine Raynault:** So, as I understand it, for 100% natural maple syrup, there is no real list of requirements to follow.

**Mr. Serge Beaulieu:** Actually, there is a best practices guide to follow. But, with the organic product, the list of requirements must be followed and recorded every day. The orchards must also be managed according to sustainability standards. There are standards for tapping. A tree cannot be tapped lower than 24 inches from the ground. Producers have to comply with a lot of standards in organic production.

**Ms. Francine Raynault:** This is important information, I feel. People really do not know what is involved. If they do not have the information, they may well say that, since both products are natural, they do not see why they are paying more for the organic product. If that is the case, they will buy one and forgo the other, the organic one.

What will the impact of the CETA be on the maple syrup industry?

Are we going to export more of it to Europe? Will the demand increase? Are we going to be able to meet it?

**Mr. Martin Plante:** Let me answer in stages. There will be a positive impact, but there is a time factor, a momentum factor. An additional market will be created. Maple syrup is in competition with all the other sugar products, including other sugars that are not as good for the health. The idea is to make it more affordable for European consumers. In an sluggish economy, 8% is a lot. Canadians have to be the first to offer that 8% to European consumers so that we can benefit from the promotion.

Since we were talking about organic products, I have to point out that trade fairs all over the world are really pushing organic products and promoting them. It is important for consumers to grasp what they are really about.

The Americans did not come to our trade shows before. We saw them in the United States supplying a national market. Now we see them at trade fairs in Europe, and even in Montreal. They actually came to stick it to us a little on our own turf.

When all is said and done, I can tell you that Quebec producers make a quality product and they do so with pride. We have a good system. What slows us down is money. We have to adapt to these circumstances before the Americans do.

• (1640)

[English]

**The Chair:** Thank you very much, Madam Raynault.

I'll now move to Mr. Preston for five minutes.

**Mr. Joe Preston (Elgin—Middlesex—London, CPC):** I'll carry on with that. With this agreement with Europe, with CETA, your 8% tariff on maple syrup will be removed and that for the United States will not. Doesn't that give you an 8% advantage?

**Mr. Martin Plante:** Yes, if we sign and finish the agreement before they do. My fear is that they will start after we do but they will finish the final agreement before we do because they might have fewer problems going through an agreement.

**Mr. Joe Preston:** I'm certainly not hearing that the U.S. is anywhere that close to an agreement with Europe.

**Mr. Martin Plante:** If you're right, that's good news.

**Mr. Joe Preston:** I could be corrected but, boy, I don't think that.... It sure sounds as though every other producer group we've been speaking to is happy to be in before the U.S. is, and they feel that's a huge advantage. So use it to your advantage. If 8% growth or 8% profit increase immediately upon the signing of the agreement is there, it sure sounds as though that gives you quite a marketing agreement ahead of the United States.

First of all, congratulations. A large cooperative group like yours is a really positive thing to see happening. Could you tell me how long you've been into cranberries and honey? I know you started as a maple syrup cooperative.

**Mr. Martin Plante:** We've been helping the honey producers for the last 40 years but we finally joined with them three years ago. We've been selling cranberries for the last 10 years, but when Europe came with the 17.6% two years ago, it killed us as being an in-between guy.

**Mr. Joe Preston:** Who is your competitor in the cranberry business?

**Mr. Martin Plante:** There are a whole bunch of them in Quebec, including Ocean Spray.

**Mr. Joe Preston:** I understand your own competitors, but what about Europe? Do they grow cranberries in Europe?

**Mr. Martin Plante:** No, the competitors are the other U.S. and Canadian cranberry companies.

**Mr. Joe Preston:** So if I sign an agreement, 17.6% tariff comes off. For the United States it doesn't.

**Mr. Martin Plante:** That's exactly what we're looking for. They're smart. They put on this 17% only a year and half or two years ago, just before the agreement.

**Mr. Joe Preston:** I was mentioning the cooperatives. Of course, tonight is the night of cooperatives. There's a cooperative reception at the Parliamentary Pub just following our vote. I just wanted to point that out as a little bit of marketing, Mr. Chair. I know you'll repeat it again before we finish.

**A voice:** Shameless.

**Mr. Joe Preston:** It's shameless. I'll do it. That'll work.

There's one more thing. You talked about the appellation—the name—“maple syrup”. When others were here, I talked about the number of geographic indicators and name protections in the agreement from the European side and I asked what Canada asked for. I was told we didn't ask for any. You're suggesting to me we did ask for maple syrup or the word “maple” as an appellation or a geographic indicator.

**Mr. Martin Plante:** Every single time I have an important meeting like this, I talk about that, and people say that it's not easy. Nothing is easy. When it's easy, it's already done. But I think we need to protect that name because there are a lot of maple—

**Mr. Joe Preston:** There are a lot of maple products.

**Mr. Martin Plante:** —products packed in Europe and if you taste them, you will understand what I mean.

• (1645)

**Mr. Joe Preston:** I understand. I'm not sure what the next step towards that is. You mentioned something else today about the health benefits of maple syrup.

This is a fantastic committee, Chair.

Last week, I heard about the health benefits of barley and went home and shared that with my wife. I'll tell you, I'll continue to share the health benefits of maple syrup.

Who are we going to see next week? I'm going to be so healthy when I'm done here.

Without kidding, but as Madam Raynault said, I'm a bit shocked by the need for there to be an organic maple syrup versus.... I always thought of maple syrup as being as natural as it possibly could be simply given the way we make it. I understand. You're getting that large a premium in price for organic versus the good old-fashioned maple syrup. What's the difference in price between the two?

[Translation]

**Mr. Serge Beaulieu:** There is a slight difference in price. It is 15¢ more per pound on a base price of \$3. That is not a huge amount. It just serves to compensate producers for the extra work they have to do to produce syrup of that kind. I mentioned that before. More work is needed in the production because, in season, our equipment must be washed. It has to be scrubbed and only water can be used for the washing. That is why there is a premium on organic syrup. The orchards are also managed to ensure sustainability over a longer time.

[English]

**The Chair:** Thank you very much.

You had a great time.

Mr. Eyking, for five minutes, please.

**Hon. Mark Eyking:** Thank you, Mr. Chair.

Thanks for coming today. You've stressed it many, many times that we have to fast-track this deal and get it done. With any deal there are winners and losers. Being the largest producer of maple syrup, Quebec is also the largest producer of dairy products, and they're taking a hit. I think to get this deal done we have to make sure that they're taken care of also, the cheese producers. The deal's not

done until you see your product and the tariff has dropped off. Then you know the deal is done. It has to be binding for the provinces.

I think your message to the government is, get on with it, get the provinces binding, and get it to Parliament here, and make sure the people are taken care of who are going to be hit.

I have a couple of questions.

Do countries in northern Europe and Russia have maple trees, and do they have maple syrup?

**Mr. Martin Plante:** There is a specific maple that produces maple syrup. Even in China I know they're working to grow their own trees to make their own maple syrup, but from what I know, that will be—

**Hon. Mark Eyking:** North America has a unique tree.

**Mr. Martin Plante:** Yes.

**Hon. Mark Eyking:** And that's where it comes into branding us as maple syrup. It's just like somebody says scotch comes from Scotland. Maple syrup comes from North America.

**Mr. Martin Plante:** We can work with the CFIA to have a label with a certain verification of what has been packed in Canada instead of being packed anywhere else around the world. We want to produce Canadian jobs, and this is not what is happening when we pack it in Europe.

**Hon. Mark Eyking:** The scotch makers in Scotland and certain cheese makers in Italy went to the WTO. We might have to go there to say it has to be maple; it can't be called maple because it's not made from maple trees. We should do that fight with the WTO.

**Mr. Martin Plante:** We will work all together for that.

**Hon. Mark Eyking:** You mentioned your brand. When you sell maple syrup in Germany, for instance, it doesn't have the brand of the producer. Do you have one brand for all your products?

**Mr. Martin Plante:** We have 30 brands. It allows us to have eight partners in Japan because one brand could cover the retail market and the other brand could cover the food service market.

**Hon. Mark Eyking:** So they would buy in bulk from you, bulk maple syrup?

**Mr. Martin Plante:** We don't sell in bulk. Everything that's sold around the world is packed in Canada.

**Hon. Mark Eyking:** In containers, and they might put the label on it?

• (1650)

**Mr. Martin Plante:** We do put the label on. We do everything because we control the quality from the producers to the end. When we put our quality label, we want to make sure that we control the whole production chain.

**Hon. Mark Eyking:** Years ago there was a big concern about global warming and acid rain. Does that seem to be having a big impact on your trees? Even down in the United States where it's warmer their trees are doing quite well, apparently.

[Translation]

**Mr. Serge Beaulieu:** We have been doing things for several years, such as liming the trees specifically to counter acid rain and to maintain the health of the trees so that they can produce year after year. In the areas where acid rain is more of a problem, we are forced to lime the maples in the orchards so that they stay healthy.

[English]

**Hon. Mark Eyking:** What about honey? We're not talking much about honey. Is there a tariff on honey? You said maple syrup has 8%; it's 17% for cranberries. Is there a tariff on honey going to Europe? Is that a big market for you?

**Mr. Martin Plante:** In Europe it's a regulation that is the barrier. The regulation there is very, very high. The main concern in honey is the weaknesses of the bees. We had a crop of honey five times smaller this year compared to last year. In one year it's five times lower. We have a very big challenge in volume regarding honey.

For the urban market, their regulation is very high. We do not export honey to Europe right now because of that.

**Hon. Mark Eyking:** Will that regulation come off if we have an agreement?

**Mr. Martin Plante:** I don't think so. We need to get to their level of regulation regarding honey. We're fine with it.

**The Chair:** Thank you very much, Mr. Eyking.

We'll move to Mr. Zimmer for five minutes, please.

**Mr. Bob Zimmer (Prince George—Peace River, CPC):** Sir, thanks for coming to the committee today.

Following along the lines of talking a bit about honey, I notice your organization helps the honey groups out.

In terms of volume, you talked about 80% of the world production in maple syrup and 14 million pounds. What is that in terms of honey? What does it represent that way?

**Mr. Martin Plante:** Well, it's not much. We talk about half a million pounds on our side, but it's not the amount, we are in education to help build them. For us, it's not the big volume. But still, since we're a co-op, everyone is important, so we take care of them as much as we take care of 2,000 families in maple syrup. So for us it's not a question of volume.

**Mr. Bob Zimmer:** Thanks for that.

Backing up to your comments about branding maple syrup, I know champagne is no longer around. You simply can't sell it. If it's produced in Canada, you can't call it champagne. You can call it something else, but you can't call it champagne. Hopefully, that works out well for you, because I think it's something we need to protect and keep Canadian.

I have a couple of simple questions for you.

We know that CETA is going to be good for the industry. The 8% tariff coming off is one thing—it's going to give you a benefit of 8%—but do you see it as another spinoff benefit in terms of a best-case scenario? By taking off that 8%, it should give not only the 8% additional opportunity, it should actually give you a lot more opportunity. Do you have numbers? I put down on my paper here,

what's your best-case scenario with CETA? As an industry, what do you foresee in the future?

[Translation]

**Mr. Serge Beaulieu:** If all it means is an extra 8% profit, we are going to miss the boat. We have to use that 8% first to get ahead of our competitors from the United States and then to give ourselves some breathing room so that we can get our product known.

Over the years, Quebec maple syrup producers have invested about \$4 million in promoting and researching the product. Each dollar invested in promotion has generated between \$4 and \$5 in profit. In addition, the investment is sustainable.

[English]

**Mr. Bob Zimmer:** What do you see? I see the same thing, but how do you define it in terms of numbers? Is it going to double the amount of maple syrup produced, or is it going to be 25% more maple syrup produced? What do you think that's going to be? I'm asking you to guess.

[Translation]

**Mr. Serge Beaulieu:** We have been investing in promotion in Europe for several years. Last year, exports increased from 5% to 6%. It would be an attainable objective to invest more in promotion, say, 10% per year for the next five years.

• (1655)

[English]

**Mr. Bob Zimmer:** Yes.

**Mr. Martin Plante:** As a packer, I can confirm right away that we will not take one dime in profit. That will all go in the market because, first of all, we don't do those kinds of margins and we need to increase the volume. This is what the producers ask for, and no margins on our side, I can confirm that.

The other thing is, if we can join that with the control appellation or the control name of “maple” and we get European people to taste real maple syrup, I do agree that 50% over five years is a fair number, because that will be quality and price.

**Mr. Bob Zimmer:** Do I have 10 seconds?

**The Chair:** Yes.

**Mr. Bob Zimmer:** I only wanted to say how disappointed we were, though, that you didn't bring samples for everybody to test today.

**Some voices:** Oh, oh!

**Mr. Bob Zimmer:** We have to arrange that through the Chair somehow. With all these good guests coming along, we need samples.

**The Chair:** I don't think the Accountability Act allows that.

**Mr. Martin Plante:** You know, I wanted to be able to go back home instead of going to jail. But if you have one address of one person, I can send you cranberries, honey, and maple. So just ask one person to do that, and I'll do it.

**The Chair:** Thank you, Mr. Zimmer, for those good questions.

I'll now go to Madam Brosseau for five minutes, please.

[*Translation*]

**Ms. Ruth Ellen Brosseau:** Thank you very much. My thanks to the witnesses for being here. I have learned a lot today.

You have a number of recommendations for the committee, such as for Canada to sign the agreement with the United States and to try to preserve the brand, the appellation.

I would like to go back to the organic maple syrup. Might it be more possible to export organic maple syrup to the European Union? I would not say that they are opposed to genetically modified foods over there, but there might be a demand for organic maple syrup.

**Mr. Martin Plante:** We already go to a number of trade fairs that specialize in products of this kind. One of the biggest international trade fairs is BioFach, in Germany. It already focuses a lot on the organic food market. We have been putting a lot of effort into promoting organic syrup. The growth in organic maple syrup and in conventional maple syrup go hand in hand. We are already working hard along those lines.

**Ms. Ruth Ellen Brosseau:** Is maple syrup exported in bulk at the moment, or are there other value-added products like the ones we saw in the PowerPoint presentation?

**Mr. Martin Plante:** We do not want to talk about our competitors' commercial strategy. We produce only bottled products. The problem with sending the bulk product over there is the way in which it is processed in European plants in terms of the appellation, the brand. I cannot talk about what others do, but the idea behind the brand is to be sure about what they do in Europe. The CFIA has no control at all over the brand in European plants. We do not export in bulk, but it is a business decision.

**Ms. Ruth Ellen Brosseau:** Do you want to add anything, Mr. Beaulieu?

**Mr. Serge Beaulieu:** Yes. In Quebec, syrup can be traced all the way to the farm. Whether the syrup is organic or conventional, European consumers want the product to be traceable to the farm. Each barrel of syrup that goes to market is graded. We have a higher standard in Canada than they do in the United States. Of course, if the syrup is also packaged and bottled in Canada, it is easier to trace. We know that our product is competing with other sugar products. So we must set ourselves apart using things like that so that our product stands out in world markets.

• (1700)

**Ms. Ruth Ellen Brosseau:** I have a few comments. The agreement has its pros and cons. Some people will win and some people will lose a little. Your federation feels that supply management is crucial. It is in agreement with the Union des producteurs agricoles on that point. You have asked the Government of Canada to stand firm in the final negotiations of the economic and trade agreement between Canada and Europe. Can you comment on what will happen with the fine cheeses in Quebec and the importing of European cheeses to Canada?

**Mr. Serge Beaulieu:** I am also a dairy farmer.

**Ms. Ruth Ellen Brosseau:** Okay.

**Mr. Serge Beaulieu:** Dairy farmers in Canada invest a great deal in promoting those products so that they become known. In recent years, we have invested a lot of money in fine cheeses, given how popular they are with our consumers. As you said, there are winners and losers. In terms of supply management, we will be on the losing side if the standards are not the same. The standards in Canada are not the same as in Europe for making the same fine cheeses. When the agreement is signed, it is important to make sure that those standards are the same everywhere.

**Ms. Ruth Ellen Brosseau:** We have to understand—  
[*English*]

**The Chair:** Sorry, Madame Brosseau.

Thank you.

I'll now move to Mr. Harris, for five minutes, please.

**Mr. Richard Harris:** Thank you, Mr. Chair.

I have to admit that I'm a tried-and-true maple syrup addict. I love it. I've been here for 20 years and anything I've done in Parliament does not hold a candle to the fact that I make the world's finest French toast. You put some butter on that and drizzle some really good maple syrup, a couple of thick slices of bacon, and there is nothing finer that I could create. I did some last weekend, and I had some really good maple syrup that my wife found somewhere. It was delicious.

It's good to hear the passion that you have for the quality of your product and keeping the quality control of the product. I think we have to make every effort that we, as parliamentarians, can make to help secure that country name of "maple" for your products—in the same way as the shiraz people secured it. We can't use the name shiraz or champagne, as Mr. Zimmer mentioned. We have to do that. It could be one of the finest marketing tools we could imagine.

I want to ask you, what would the average-sized or medium-sized maple syrup farm produce? How many litres would it produce in a year?

[*Translation*]

**Mr. Serge Beaulieu:** We are talking about producing an average of a litre of maple syrup per tap.

[*English*]

**Mr. Richard Harris:** How many taps would a medium-sized farm have?

[*Translation*]

**Mr. Serge Beaulieu:** Quebec has 43 million taps. On average, there are 6,000 taps in an orchard.

[*English*]

**Mr. Richard Harris:** Okay.

**Mr. Martin Plante:** I can tell you that 70% of our 2,000 families are at fewer than 5,000 taps.

**Mr. Richard Harris:** Okay

We talked about the 8% tariff that would come off. I imagine that most producers are not distributors at the same time. They send it to a distributor who packages it. Or do you package it on your own farms?



• (1705)

[*Translation*]

**Mr. Serge Beaulieu:** Most producers send their production for processing. I was talking earlier about traceability. Every barrel is graded before being sent to the processing plant. The syrup is then processed and exported.

[*English*]

**Mr. Richard Harris:** I guess my question is this. You talked about that 8% and mentioned that you hope it reflects in the money that a grower or a maple syrup farmer could benefit from.

What do you have to do to ensure that 8% isn't taken up by the processors, distributors, so that it doesn't get passed down to the producers? How do you ensure that?

[*Translation*]

**Mr. Serge Beaulieu:** For the past few years, the maple syrup industries in Quebec and in Canada have coexisted in harmony.

As I said earlier about the 8%, we must take advantage of the momentum and make our product known. Every time we have invested in promoting it, the production—the increase in volume—was huge. If the volume goes up, both producers and processors will benefit.

In Quebec alone, 40 million taps are waiting to be used. To answer your question, I will say that, if there is a shortage of products and the markets become a little more open, 2,000 producers are ready to provide the products.

[*English*]

**Mr. Martin Plante:** As complementary information—I'll be very quick—as a representative of the industry, our margin is 1.5%. That's public information. We cannot afford to keep those margins. The 8% will go on the market because in the food industry, especially in ours, 1.5% is the bottom line benefit that we make. This information is public on our side.

As I said, we want growth in volume, so the 8% will be in the market and not on our pocket.

**The Chair:** Thank you very much.

As you know we have a little bit of committee business to wrap up at the end. I want to thank the witnesses for coming out with great presentations and good questions. It's a bit of a unique one—we have not had maple syrup producers in front of us, so I thank you for that.

We'll break now and go into some committee business in a few minutes.

[*Proceedings continue in camera*]

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