



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on Agriculture and Agri- Food

AGRI • NUMBER 028 • 1st SESSION • 42nd PARLIAMENT

EVIDENCE

Tuesday, November 1, 2016

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Chair

Mr. Pat Finnigan

Standing Committee on Agriculture and Agri-Food

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•(0845)

[English]

The Chair (Mr. Pat Finnigan (Miramichi—Grand Lake, Lib.)): I call the meeting to order.

Welcome to this meeting as we pursue our study of the next agricultural policy framework.

[Translation]

Today we welcome Mr. Ron Lemaire, president of the Canadian Produce Marketing Association.

Welcome, Mr. Lemaire.

[English]

We also have Greg Cherewyk, chief operating officer for Pulse Canada. Welcome, Mr. Cherewyk.

We will start with a 10-minute statement by each of your organizations and then we'll go to the question round.

Mr. Cherewyk, do you want to start with your opening statement?

Mr. Greg Cherewyk (Chief Operating Officer, Pulse Canada): Thank you and good morning, Mr. Chair.

Good morning to all committee members. Thank you for the invitation to appear before the committee today. I want to start with a brief introduction to our organization.

Pulse Canada is the national industry group that represents farmers, processors, and exporters of pulse crops in Canada. Canada is the world's largest exporter of pulses, accounting for 37% of global trade. We export pulse crops like peas, beans, lentils, and chickpeas to more than 150 countries, and we continue to grow.

Canadian farmers grew more than 4.6 million tonnes of peas in 2016, which is an increase of 44% from the previous year, and 3.2 million tonnes of lentils, which is an increase of 36% from 2015.

Many of you know that the United Nations declared 2016 the International Year of Pulses. As a result of the work of a global pulse team, to date there have been more than 2.85 billion media impressions generated in an effort to inform consumers and the food industry on the nutritional value of pulses, their contribution to important health issues such as diabetes and cardiovascular disease, and the increasingly important role that pulses can play to improve the environmental footprint associated with food.

Pulses are becoming much more than a trend with consumers, and interest continues to grow as we near the end of our international

year. The food industry is already acting with new product launches and launches of reformulated foods that boast higher protein and fibre levels on the fronts of packages. The reformulation of food with nutritious ingredients that have a smaller environmental footprint will become increasingly important, and should be a cornerstone of Canadian and global approaches to improving human and planetary health.

It is important to note that the success the pulse industry is experiencing today has ties to an important partnership with Agriculture and Agri-Food Canada that dates back over 20 years. The pulse industry in Canada has been a partner in developing projects and delivering results from the onset of programs offered under agriculture policy frameworks. This industry-government partnership has been highly effective in fostering economic growth and building Canada's pulse sector into a global leader in pulse production and exports. It has also enabled the pulse sector to become a leader in cross-sectoral, multi-commodity initiatives within Canada to address such issues as transportation, market access, and sustainability, which impact the entire sector.

The next policy framework agreement, as outlined in the Calgary Statement, can build on the lessons and successes of past frameworks. Industry and government collaboration can ensure that framework policies and programs enhance private sector initiatives to create sustainable growth, innovation, and competitiveness for all stakeholders.

I'd like to begin by putting forward some views on the importance of investing in continuous improvement and transformational innovation.

The pulse industry welcomes the Calgary Statement as a framework to support sector strength and competitiveness and to foster transformational innovation. Canadians must do more than just react and adapt to change: we must create and capture the opportunities of the future.

The policies and programs of the next policy framework will need to recognize the difference between incremental growth and efficiency and transformational innovation. Elements of programs—including eligibility criteria, desired outcomes, and evaluation of success—need to recognize that by definition, innovative approaches will be different from activities focused on strengthening an existing business model.

Much of what the pulse industry identifies as priorities under markets and trade require investment into continuous improvement. The ongoing competitiveness of Canada's agrifood sector requires that a range of products destined for more than 150 countries around the world be moved in an efficient and predictable manner. Customers in every market need to know that the quantity and quality of product that has been purchased will be delivered within the delivery period specified in the contract. Reliable transportation remains a top priority.

To fully utilize market access and new trade opportunities, Canada must remain focused on continuous improvement in domestic transportation. The next policy framework must continue to support efforts that focus on improving the performance of Canada's transportation system as a key element of fostering growth in Canada's export sector.

Access to international markets is critical for continued profitability and growth. With increasing success in addressing tariff barriers through bilateral free trade agreements, non-tariff barriers are the key obstacles to capitalizing on market opportunities.

An emerging access obstacle for agriculture is the fact that neither the process nor the timing of maximum residue limit establishment is synchronized between regulators like the Codex Alimentarius at the international level, the European Food Safety Authority, and regional groups like PMRA here in Canada and the EPA in the United States. Rather than seeing a strengthening of alignment at the international level, we see more national approaches, with several key countries moving away from Codex to establish their own national systems.

● (0850)

Recent examples include China, South Korea, Hong Kong, Turkey, and Taiwan. Now India, Mexico, and the UAE and others are also issuing national MRLs.

Pulse Canada and its partners across the agriculture sector strongly support an expansion of efforts under the next policy framework to identify and manage this specific category of trade vulnerabilities. There is a need to quantify and build data on the growing extent of misalignment of MRLs in order to more precisely identify and manage specific risks. Reliable data will assist in management of vulnerabilities and corrective action, as well as development of common positions within grower and community groups internationally on the need for predictable, science-based international standards and trade rules.

The Canadian agriculture industry must also continue to improve its efforts to build capacity to respond to market demands for sustainable products from the food industry and other markets. Market demands for sustainable agriculture products are diverse and have varying requirements for assurance. The next policy framework should continue to support the Canadian agriculture industry as it develops a science-based, robust, flexible approach that is aligned with market requirements and leverages existing programs and tools where appropriate.

Food's role in contributing to climate change is an important consideration for everyone. However, a critical question is whether the obligation is on the consumer to change consumption behaviour to reduce the impact of diet on sustainability indicators like

greenhouse gas emissions, or whether this must fall solely on the shoulders of the farm and agrifood sector. The pulse sector strongly supports a shift in thinking to emphasize a dietary approach to healthy people and a healthy planet. Market-driven approaches will provide the right incentives to keep Canadian agrifood competitive in global markets.

Value-added processing is another focus area where investment into continuous improvement will generate returns. The addition of value in Canada, including all types of processing—cleaning, splitting, bagging, or processing into consumer food products—adds jobs and market stability. The food manufacturing industry continues to be highly interested in offering products with improved nutritional quality and health benefits to meet consumer demands. Canadian grains, oilseeds, and pulses are well positioned to take advantage of these opportunities. The next policy framework can continue to support ingredient processing that improves the nutritional value and health potential of ingredients in food products.

The next policy framework can also set Canada apart on the world stage by fostering transformational innovation in food. Pulse Canada believes that Canada can differentiate its food system by strengthening the connection between food, human health, and environmental health, while simultaneously enhancing the profitability of the agriculture sector and the food industry.

Investments in transformational innovation are focused on creating opportunity through new offerings. Compared to those focused on incremental improvement, investments in transformational innovation are intended to create a novel product or service, and thus are inherently more risky for all stakeholders within the agrifood value chain. Without the benefit of knowing the full economic value of the investment in innovation in advance, measurement of success must include assessment of potential value. In these cases, measuring what you can learn can be more important than what you earn in early stages.

Investments in transformational innovation are closely linked to the next policy framework themes of risk management, environmental sustainability, climate change, and value-added agriculture and agrifood processing.

For example, a focus on sustainable food would be transformational innovation that addresses socially important issues and priorities of the next policy framework. In this context, sustainability includes human health, environmental health, and economic health. Nutritious food can deliver health outcomes. Nutritious food can also deliver environmental outcomes through reformulation and by keying on dietary footprints. Nutritious and sustainable food can deliver economic outcomes by recognizing the need for all players in the agrifood system to be profitable while also ensuring affordable food for consumers.

Putting food in front of consumers that delivers health, environmental, and economic outcomes requires forward-looking research that goes beyond existing programs. With this in mind, the next policy framework must be open to novel approaches to thinking about solutions that build the resilience and growth prospects for the medium and long terms.

In sum, the right policy framework will deliver programming that builds on success and supports continuous improvement and programming that recognizes the importance of creating future opportunities through transformational innovation.

Thank you.

The Chair: Thank you so much, Mr. Cherewyk.

[Translation]

We will now move on to Mr. Ron Lemaire, from the Canadian Produce Marketing Association.

Mr. Lemaire, you have 10 minutes to make your presentation.

• (0855)

[English]

Mr. Ron Lemaire (President, Canadian Produce Marketing Association): Members of the Standing Committee on Agriculture and Agri-Food, on behalf of the Canadian Produce Marketing Association, I'd like to thank you for the opportunity to speak to you today on the topic of the next agricultural policy framework.

CPMA is a 92-year-old trade association representing over 800 Canadian and international members, who are responsible for 90% of the fresh fruit and vegetable sales in Canada. Our diverse membership is made up of every segment of the produce industry supply chain, from grower-shippers to packers, distributors, food service operators, and retailers.

The Chair: Do we have a problem with translation?

[Translation]

Is it working?

[English]

Okay. We're good. Sorry about that, Mr. Lemaire.

Mr. Ron Lemaire: The Calgary Statement outlined six overarching objectives for the next framework. All are critical to the future of our industry. I will touch on how a few of these areas can support our sector.

The produce industry is a unique entity. This important economic engine is made up of rural, provincial, national, and multinational

companies, all working together to increase the consumption of fruit and vegetables.

We make an important contribution to national economic output and employment. In 2013, the fresh fruit and vegetable sector supported over 147,000 jobs, created \$11.4 billion in real GDP, and contributed \$1.3 billion in personal income tax and \$840 million in corporate taxes—yet significant potential for growth still exists. This growth will be fostered by many factors, including access to markets, effective regulatory frameworks, and the continuous commitment by both government and industry to innovation and improvements in the sector.

While science, research, and innovation form their own priority area under the Calgary Statement, these are cross-cutting issues that will help us achieve results in multiple areas. Dramatic improvements in innovation have supported our industry's ability to not only maintain and improve the traditional fresh items available to Canadians but also to dramatically expand those offerings. Additionally, improvements to technology and innovation have improved such areas as inputs to grow crops, how fields are monitored and augmented, the transportation of produce, new product development, data sharing, produce identification, and much more.

Public support for research is also important to ensuring that the benefits from the commercialization of new discoveries extend across the sector and not just to one private company. This enables national industries to benefit and grow and for those gains to reach more Canadians.

Examples of positive public-private investments are already reaping rewards for both our sector and for Canadians. After fire blight nearly decimated the Canadian pear industry, Agriculture and Agri-Food Canada researchers developed a new pear that was resistant to the disease and had a longer shelf life. This, combined with investments in storage technology, allow for this Canadian pear to be available on grocery shelves from November through to March. After 20 years of development, the Vineland Growers Co-operative launched the Cold Snap pear to consumers in November 2015. The variety is now licensed to Canadian industry and grown in Ontario and Nova Scotia, and plantings of this Canadian variety have also begun in Europe and the United States.

The produce industry faces many opportunities, but also many challenges. Labour, environmental sustainability, and consumer demands are all areas that fit under the new policy framework, and I'm going to quickly touch on a few of these now.

We are all aware that the availability of labour is an issue for our sector, and without labour all else fails. The Canadian Agricultural Human Resource Council estimates that horticulture represents 50% of the labour gap in Canadian agriculture; that means the horticultural sector is short over 29,000 workers. This highlights only the shortage at the grower level and does not include shortages through the rest of the supply chain, which would surely add thousands more. Automation and robotics are used in planting, picking, and packing of produce, all helping to reduce the demand on labour while also reducing waste and improving productivity, but automation cannot replace all labour needs.

Another challenge is environmental sustainability and the need not only to reduce the use of inputs like water and crop protection tools but also to meet emission reduction targets and adapt to our own changing climate. Technology has already allowed us to make substantial progress in these areas. Drones and other innovations are being used to monitor fields, improve irrigation, and reduce the use of pesticides and other crop protection tools, but more can be done, and investment in innovation will be essential to getting us there. As well, while support for environmental sustainability is critical at the grower level, it should not be forgotten across the rest of the supply chain.

The third area noted is the changing tastes and demands of Canadians. This is both a challenge and an opportunity for our sector. As Canada's population becomes more diverse and consumer demands become more complex, research support can help Canadians and the fruit and vegetable sector meet complex demands through the development of new varieties and the adaptation of non-traditional crops to be grown in Canada.

● (0900)

Along the same vein, different age groups have different expectations in terms of product offerings and convenience, not only in Canada but on a global level. Our industry has been at the leading edge in providing value-added products to consumers to meet their demands for ready-to-eat products that fit their busy schedules, from bagged salads to pre-cut apple slices to pre-made cauliflower rice. Support for innovation in this area is important, not only to ensure the continued development of new and exciting products that make eating a healthy diet easier for Canadians but also to support research to address the different food safety concerns for these products.

Additionally, I do not want to omit the growing issue of food security. Food security is a concern for both industry and government. Innovation and research in the produce supply chain supports long-term solutions in food production, distribution, and storage infrastructure for rural, remote, and northern communities, and the scope of this issue should find its way into the framework moving forward.

Support for innovation does not only mean support for research and development of new technologies in Canada, but also ensuring that Canadian agriculture is able to assess the latest technology from all over the world. For example, some of you had the opportunity to visit Peak of the Market in Winnipeg and witness their state-of-the-art equipment in their packing facility in action. It was funding under Growing Forward 2 that helped Peak make these investments. They

received support to purchase equipment that included new robots with custom-designed hands capable of filling retail bins, a custom-made unloading and pallet system, metal detectors for all packed products, and an automated pallet replacement system. In addition to a projected 30% increase in productivity, the new equipment also helps ensure a higher quality of produce reaches the consumer, reducing bruising and damage to vegetables and creating a better work environment for staff. While the majority of the new equipment was made in Canada, some pieces were sourced and customized from the Netherlands, Germany, and the United States.

The funding model moving forward is vital. The foundation for Canada's fresh produce supply chain is made up of approximately 25,000 small, medium, and large-sized farms that produce vegetables, fruits, and potatoes. The produce industry is one of narrow margins with little bandwidth to absorb rising costs. It is critical to the sustainability of the industry that research and innovation enable the industry to increase its productivity and reduce costs. There is strong support within our sector to continue with the model of 75% government and 25% industry funding for research, but there are concerns that the contribution from government could decrease. There is little ability in our industry to increase the dollars devoted to these research projects at this time. A decrease in the ratio of the government contribution for research projects will only have an effect of decreasing the number of projects overall.

In closing, it is critical that the next agricultural framework allow for flexibility to meet changing needs. In the coming months, our industry expects the publication of the Safe Food for Canadians regulations. This is significant regulatory change, and support will be needed to ensure that our sector and the agrifood industry is able to meet the new requirements being delivered in the coming years.

Given the substantial investment that our federal and provincial governments will be making under this framework, it is important to ensure that the regulatory burdens are not counterproductive to our efforts. A responsive, science-based regulatory framework that allows for the timely approval of new ingredients, product, and processes is essential.

Support under the framework must also be matched by support to achieve these goals through other means. Market access concerns for fresh produce are normally non-tariff barriers related to food safety or plant health. Industry alone cannot meet the requirements of foreign governments in these areas. If AAFC and CFIA are not adequately resourced to respond to plant health and food safety requests from our international partners, other support or investment to market access will have little results.

Moving forward, we must remember the demands of tomorrow cannot always be foreseen. The Canadian produce industry works in a fast-paced market and needs to be flexible to meet changing demands. Government support should work to be reactive and flexible to enable our businesses to grow.

Again, thank you for the time. I look forward to your questions.

● (0905)

The Chair: Thank you, Mr. Lemaire.

Now we move into the question period. We will have a six-minute round.

We'll start with Mr. Anderson, for six minutes.

Mr. David Anderson (Cypress Hills—Grasslands, CPC): Thank you, gentlemen, for being with us here this morning.

Mr. Cherewyk, you had mentioned earlier that we've been partners in development under previous policy frameworks. Pulse and canola have been two of the real success stories, particularly in western Canada over the last 20 years. I'm just wondering, what has worked? When you say we've been partners, what are the things that have worked really well for Pulse Canada under the previous policy frameworks that we might be able to recommend to the minister?

Mr. Greg Cherewyk: One of the things that we looked at when we looked at opportunities to build on success was the transition we saw between the previous agriculture policy frameworks, Growing Forward 1 and Growing Forward 2. The key supporting programs include things like the support for our Pulse Innovation Project. It was support that was provided to the pulse industry to launch an entirely new area of focus on health, nutrition, and innovation in pulses.

Historically, we were an organization that attended food shows around the world, demonstrated that pulses were grown in Canada and that Canada was an emerging leader in pulse production and exports. Waving the flag around the world grew old pretty quickly. It was time for us to turn to establishing new market opportunities. Agriculture Canada was there to support that transition away from a sole provider of basic proteins for the developing world to an industry that could also provide products to the western developed world. A lot of the programming placed emphasis on that transition to a food ingredient supplier to the western world.

Mr. David Anderson: I think my constituency, which is the area I live in, has probably benefited more from the development of pulses, particularly lentils, than any other place in Canada. John Palliser had said the area was uninhabitable. I guess we've proven that he was wrong.

You talked also about your opportunities. I'd like to ask Mr. Lemaire this, as well. You talked about creating and capturing

opportunities. What do you see as your opportunities over the next five to 10 years? Where will your innovation be? I'll ask both of you that same question. Where are your opportunities? What is that innovation that you'd like to see that the APF could help with?

Mr. Greg Cherewyk: When I talk about transformational opportunities for innovation, I'm referring to the need for us all to start to focus on food that can deliver health outcomes and simultaneously deliver environmental outcomes.

This type of thinking is relatively new. This concept of a food system transformation that would allow for ingredients grown in Canada to be incorporated into food products that can reduce the glycemic index of a food product and be of benefit to those who are at risk of developing diabetes, or those who have diabetes, while simultaneously reducing the greenhouse gas emissions associated with that food product is an area of focus where we'd like to see research investments made.

We would also like to see collaborative efforts with respect to the department, industry, civil society, and organizations like ourselves in educating consumers on how they can walk down the grocery aisle and make selections that are not only healthy for themselves but healthy for the planet.

Mr. David Anderson: Can I ask you—and then we'll come to Mr. Lemaire—do you see anything specific on the farm, then? Do you see any new products the farmers will really be able to grab onto and...?

Mr. Greg Cherewyk: From a production—

Mr. David Anderson: I mean seeds or any kind of genetics that are coming through, or any new crops, or those kinds of things. We've gone from chickpeas to peas to lentils in this expanding development of that industry. Where do you see the future?

Mr. Greg Cherewyk: Continuous improvement of the current varieties that are out there in lentils, chickpeas, peas, and beans is going to be essential. I know that in Saskatchewan and Alberta they're heavily focused on developing fava bean varieties that will be adapted and well suited to all arable land in the west. A big part of their strategy is to achieve that 25% coverage across western Canada's arable lands. That is a specific area of future development. From their perspective, it's going to be fava beans.

● (0910)

Mr. David Anderson: Mr. Lemaire, would you comment?

Mr. Ron Lemaire: Thank you for the question, and it's a very good one.

As my colleague mentioned, the integrated food systems approach is essential. When we look at opportunity, the value added in that broad stroke is essential. It's essential to look at how we can invest in value-added opportunities and bring non-traditional partners to the table that can help in that investment.

We traditionally look, when we function at the farm level or within the supply chain, at traditional partners. How do we expand that partnership base and move beyond it? Whether that looks at health or academia, the sky's the limit relative to those partners. We just have to understand who the right partner is to drive the right innovation and the right opportunity.

Mr. David Anderson: Can I interrupt you for a second? I think I'm running out of time. Are organics a big part of either of your associations? We know they have their own associations, but are they a big part of your associations? Pulses are just developing. I'm interested in that as well.

I'll let you finish, but then I'm interested in that.

Mr. Ron Lemaire: I'll very quickly talk about new varieties. I touched on that in my presentation.

They are essential. In the changing demographic in Canada, we are seeing many new opportunities for growing bok choy and a range of new products that we traditionally would never have grown, such as sweet potatoes, yams, etc. There is demand for these products, so how do we get there? Innovation to drive those new products is essential to drive the domestic and global market.

The Chair: Thank you Mr. Lemaire. Thank you, Mr. Anderson.

[Translation]

Mr. Breton, you have the floor and you have six minutes.

Mr. Pierre Breton (Shefford, Lib.): Thank you, Mr. Chair. Thanks also to the witnesses for being here with us this morning.

I would like to talk about access to foreign markets. My first question is for Mr. Lemaire.

The agriculture and agri-food sector relies on export markets. Our success in this sector depends on access to foreign markets. What do you recommend to the government to boost our competitiveness and your competitiveness on the international market?

[English]

Mr. Ron Lemaire: That's a very good question.

To ensure competitiveness, the biggest question is understanding what that market needs, ensuring that we're growing the right product to ship into those markets and that we are creating the right trade agreements with those markets to enable free and open trade.

We can grow some of the best products in the world. Ensuring that we have access to the right production tools is essential. For example, we're currently seeing the deregistration of certain pest management products that are used in the produce industry, products that are currently used and approved in many other jurisdictions around the world. The deregistration of those products will put Canadian growers at a significant disadvantage in growing and shipping product to foreign destinations.

The other piece around that is the inclusion and use of new products. Our system is still slow to introduce new plant protection tools into the market. Without speedy delivery of some of these tools, it's hard for our growers to be competitive.

My recommendations would be access to new tools, opportunities to research and understand what new varieties or what new products we can produce to meet emerging markets, and necessary agreements with those jurisdictions. As I mentioned, in produce, non-tariff barriers include plant health and food safety.

Those are the simplest things that we can break down if we set reciprocal agreements with many of these countries on our food safety systems. The Safe Food for Canadians Act will do that.

[Translation]

Mr. Pierre Breton: Thank you.

I would now like to turn to innovation. You both talked a great deal about the positive features of Growing Forward 2 and what you would like to see in the next strategic framework.

My question is for Mr. Lemaire again. Excuse me, Mr. Cherewyk, I wanted to tell you that a lot of fruit is produced in my riding. The riding of Shefford, with the towns of Rougemont and Saint-Paul-d'Abbotsford, has the highest apple production in Quebec. One of the challenges is the long-term storage of apples in order to send them to market a long time after they were picked. Innovation and research and development are extremely important.

Mr. Lemaire, what would you recommend that the government include in the next strategic framework to foster innovation, which is crucial to the agriculture and agri-food sector?

● (0915)

Mr. Ron Lemaire: That's a good question.

[English]

You touched on storage. Storage is the most important aspect once the product is created, and the investment in storage by many growers is quite costly. Support to create collective storage facilities so that the small growers can pool and deliver their product to these facilities is an opportunity.

The other area of opportunity in the case of the apple industry is the new varieties. Our industry tends to stick with tradition and deliver on the varieties that we've used for the last hundred years. We've done an outstanding job in some parts of Canada within the apple sector to introduce new varieties, but it is an investment. You can't just cut a tree down and a new tree appears, as we all know.

The investment from an orchard to shift the production from one variety to another requires federal support. Without the support to invest in that shift, many do not have the scope or funds to make the significant shift that's needed to meet the changing consumer demand. How do we work to invest on that shift to enable the apple grower to look at the opportunity of a wide range of new varieties that are currently being introduced to the market? Even beyond that, what is the variety of tomorrow that the consumer is looking for?

It's understanding how much sugar content the consumer is looking for, the taste, whether it's a crunchy apple, whether it's a soft apple. All these pieces we know now and we can forecast. Working with research to determine what the best apple is for tomorrow's consumer has to be done and then implemented. The implementation requires support.

[Translation]

Mr. Pierre Breton: How much time do I have left, Mr. Chair?

The Chair: You have 25 seconds left.

Mr. Pierre Breton: Thank you.

Thank you for your answers, Mr. Lemaire. I am very concerned to hear that one of the challenges you have faced is a labour shortage in the agri-food sector, especially for fruit and vegetables. That is exactly what is happening in my riding of Shefford. We touched on the apple industry. There are apples left on the trees due to the labour shortage. These apples do not reach the market, unfortunately, because there are not enough people to pick them.

I know you will not have time to answer this question, but we could come back to this later.

The Chair: Thank you, Mr. Breton.

Mr. Pierre Breton: You could tell us what solutions you have in mind in this regard.

The Chair: Thank you, Mr. Breton.

I will turn it over to Ms. Lockhart now, for six minutes.

[English]

Sorry; it's Christine Moore for six minutes. I'll get it right.

[Translation]

Ms. Moore, you have the floor.

Ms. Christine Moore (Abitibi—Témiscamingue, NDP): Thank you, Mr. Chair.

Mr. Cherewyk and Mr. Lemaire, in your presentations you both talked about climate change and the need to do better with respect to the environment. The fact is that, as consumers, we often see things that don't make sense. The products available may have been transported great distances before they get to our plates, even though a farmer not far from where we live produces the same product. I would like to know what we can do so that products reach

consumers or the processing sites as directly as possible? How can we cut down the distances travelled and include this approach in a strategic framework in order to have a positive impact on the environment by reducing the distance these products are transported and in turn reduce waste?

[English]

Mr. Greg Cherewyk: Thank you. It's an excellent question.

In the western Canadian cropping rotation, of course, we're not talking so much about moving fresh fruits and vegetables great distances. We're talking about achieving greenhouse gas emission reductions through efficient use of input, sufficient use of fuel, and incorporating best management practices such as minimum and zero tillage. These are the things that will have an impact, and they have had a massive impact in reducing in greenhouse gas emissions from western Canadian agriculture.

From the consumer's perspective and what you find on a shelf what you're not seeing today is a reflection of those reductions from the efforts that are taking place on the farm on the label and in in-store promotion. What you're finding is the work that has been done by food companies to address problems within their supply chain or within their product packaging.

I think there's a massive shift taking place now as food companies are starting to recognize that the biggest impact they have on the environment takes place in the supply of their ingredients. That's where Canadian ag is primarily focused right now. It's focused on ensuring that we understand what that impact is, that we make continuous improvement in reducing that impact over time, and as I said in my opening remarks, that we shift consumer behaviour, we shift choice architecture, to help consumers better understand and appreciate, both from a dietary perspective as well as from a food product perspective, how they can make a smarter choice for their health and for the environment.

• (0920)

Mr. Ron Lemaire: I agree with my colleague. It has to be a full system approach, not just at the grower level.

We have to recognize also that Canadians are price sensitive and ask ourselves if we are doing enough as industry and as government to ensure that we deliver the most cost-effective price to our food and are putting the right systems and regulatory framework in place to enable consumers to access low-cost, highly nutritious food that is grown locally or grown somewhere in the country.

The changing demands of consumers is an issue, and how to provide more varieties and more opportunities, whether it's bok choy or other products that we traditionally wouldn't grow, to that demand to try to reduce that footprint. Looking at new packaging and looking at the entire system, as opposed to just one piece such as transportation, is important.

I can give you an example in the supply chain approach of reducing emissions and reducing energy output: the simple activity of dimming lights. That is a strategy incorporated by one major retailer across the country, and at the retail level they've been able to save significant dollars in energy output and reduce their emissions by simply dimming their lights.

It doesn't have to be significant. Simple strategies within the entire supply chain can reduce the overall emissions and contribute to our overall goal of reducing our carbon footprint.

[Translation]

Ms. Christine Moore: Roughly speaking, what would you say farmers' transportation related losses are right now? What percentage of products do not get to market because they have been too damaged during transportation?

[English]

Mr. Ron Lemaire: We pride ourselves on being very efficient in how we ship. The grower and the industry have worked to ensure the cold chain is managed and that when we ship product, there is very little waste by the time it reaches the end user, the consumer.

There is, of course, waste within the system, but it can be as little as 3% within the entire supply chain, or upwards of 7%, depending on the type of retail establishment and consumer market it's going to. However, the industry has found efficiencies and continues to improve to ensure that when the product is picked, it gets to the consumer.

My colleague mentioned in the apple industry that our biggest concern is product on the ground that could not be picked because of labour shortages. In Quebec, \$30 million's worth of apples didn't make it to market one year because we didn't have the workforce to be able to pick those apples. That was two years ago. That is the issue beyond management of the cold chain.

[Translation]

The Chair: Ms. Moore, you have 20 seconds left.

Ms. Christine Moore: My question is for Mr. Cherewyk.

Are there enough options with regard to transportation? Is there still a war of sorts making it difficult at times to find a carrier? I know that has been an issue in the west for certain products.

[English]

Mr. Greg Cherewyk: Fortunately, on Thursday we'll be in Montreal to hear from Minister Garneau as he reveals his national strategy, his vision for transportation in Canada, which will address, hopefully, some of the issues that the Canadian agrifood industry has been emphasizing in two areas of focus.

The Chair: Thank you, Mr. Cherewyk.

Now we'll go to Mrs. Lockhart for six minutes.

Mrs. Alaina Lockhart (Fundy Royal, Lib.): Thank you, gentlemen. I just want to pick up on a question by my colleague Mr. Breton about labour shortages.

In the context of the agricultural policy framework, is there a mechanism in that framework currently to address labour issues?

●(0925)

Mr. Ron Lemaire: No, there isn't one that I'm aware of in the current framework. How we enable an industry to access labour is a collateral component that we need to look at under the new framework. We're fortunate within the produce industry with our foreign worker program. We do have access to some labour, but there are challenges with that, especially in Quebec with the visas; we are having challenges actually getting them approved and moving through the system.

Overall, though, under the new policy model, it's how we look at not only alternatives for supplementing some of this labour but also at mechanisms similar to what we do under risk management, to enable new labour to be brought into the country or developed in our own country.

Mrs. Alaina Lockhart: Very good.

Is it as much an issue in the pulse industry as it is in produce?

Mr. Greg Cherewyk: It hasn't emerged as a priority for us at the national level. From time to time, depending on the labour demands in western Canada from the oil industry, you'll see a bit of a constraint on labour available in processing facilities across the west, but it currently isn't an issue, and it certainly hasn't been raised as a priority to us.

Mrs. Alaina Lockhart: Some of the other groups we've had here have talked about the AgriStability program and some significant changes that have been made that affected their industries. Can you speak to that a bit, as well, as to the impact on your specific sectors?

Mr. Greg Cherewyk: Before I turn things over to Ron, I'll just say quickly that business risk management doesn't fall within the mandate of Pulse Canada. Our members address it directly or through their affiliations with other associations, so I would defer to them.

Mr. Ron Lemaire: Similarly to Greg, the produce industry relies heavily on the current business risk management tools that are in place within the current Growing Forward framework, and the development of those tools and improved access to them.

The biggest piece I'm going to add as an element into this is the question of transitioning existing farmers to new generation farmers within the business risk management model. There is right now a risk that we won't have farmers tomorrow. A lot of the younger generation are not looking at this as a viable business. How do we incorporate that transition or model that enables new farmers to come into the system?

Mrs. Alaina Lockhart: Good.

I will pass it over to my colleague Mr. Drouin for a few minutes.

Mr. Francis Drouin (Glengarry—Prescott—Russell, Lib.): I want to touch back on the labour issue, because it is an important aspect. I know it was an objective in the past. Growing Forward 2, as I'm just reading right now, was an institutional, physical, and human resources infrastructure. I'm assuming that was to respond to the HR problem.

I'm trying to understand what worked the last time, what's currently working in providing labour, and what's not working. Of the five policy objectives from the Calgary Statement, HR is not part of it. We're making investments in colleges and universities, but is that enough? Obviously, right now, it's not enough. I'm just trying to get a better sense of what's been working in the past five years or 10 years, and what's not been working.

Mr. Ron Lemaire: I agree that the investment in the infrastructure is essential. Is there an opportunity to access funding that can support the development of the housing and the development of the tools that can provide education to the workers when they are here in Canada?

The bigger piece around all this is that we have multiple generations of workers within the produce sector—and I can only talk to the produce sector—who have come from the Caribbean, as an example, and who are experts in their field. Whether it's greenhouse, field, or orchard, they are coming in, and to replace their expertise is very difficult. By replacing it you remove efficiencies, because you're now retraining.

How do we enable and create the stream, recognizing that it wouldn't necessarily be under the purview of the agriculture framework? A stream to becoming a Canadian, for many of these workers, is important. How do we incorporate that model, so that we not only build a better community for them at the grower level with infrastructure, which the agriculture framework can support, but also look at the stream whereby after many years of investment—and truly, they are Canadian in many ways—they become truly Canadian and are part of the broader community year-round?

• (0930)

Mr. Francis Drouin: Thank you.

I'm probably out of time now. That's fine.

The Chair: We're now in the second round.

Go ahead, Monsieur Peschisolido, for six minutes.

Mr. Joe Peschisolido (Steveston—Richmond East, Lib.): Mr. Cherewyk and Mr. Lemaire, thank you for coming. I've been impressed not only with your outlining of the issues but also by the attention to detail.

Mr. Cherewyk, you discussed transportation. Why don't you talk about the two areas that you see are important issues on the transportation policy that perhaps Minister Garneau will be announcing in Montreal in a couple of days?

Mr. Greg Cherewyk: The agrifood industry has been pretty clear in its expectations about addressing two key things. One is to ensure that we create the right conditions within the legislative and regulatory framework to support effective service level agreements. With the introduction of Bill C-52, which gave shippers in this country a right to service level agreements, we made progress. With the introduction of the Fair Rail for Grain Farmers Act, we made

additional progress by defining the rules of the game, by defining the operational terms that could be included in service level agreements.

The next piece that needs to be addressed, from the agriculture industry's perspective, is financial accountability. We're looking forward to seeing some move to include financial consequences in the framework that supports service level agreements. Both parties need to be held financially accountable for the commitments and obligations they make when they enter a service level agreement.

On the other hand, not every bit of traffic, not every shipper, not every location, will be covered by a service level agreement, so we need to ensure that the act in general, and the agency, create conditions whereby adequate and suitable service is provided to all in areas, even where service level agreements don't cover traffic. In that regard, we're looking to an enhancement of the Canadian Transportation Agency, with greater resources, a stronger mandate, the ability to act on their own motion, and the ability to introduce interim orders *ex parte*. These types of things are of critical importance to us. That agency has to be informed by enhanced public performance reporting, so we agree with the Emerson report recommendations that we need to enhance public performance reporting.

Things like interswitching have proven very successful in a short period of time, both as a means to actually access another carrier and as a tool in leverage in negotiations to access better capacity and better service. We'd like to see that made permanent.

There are a number of things we think need to be done to enhance that overall regulatory environment with respect to the act and the agency, and we're looking forward to seeing that addressed. We're also looking forward to seeing some of the commercial aspects of the interaction between railways and shippers enhanced through the regulations and legislation that pertain to service level agreements.

Mr. Joe Peschisolido: Mr. Lemaire, today we are discussing the next framework agreement. Are there any policies or a direction we can utilize with the framework agreement to help on the transportation side as it relates particularly to trade?

Mr. Ron Lemaire: Within the science, research, and innovation side—the innovation side, definitely—we all laugh about autonomous vehicles, but in that last leg of delivery, going back to the labour and the issue around transportation and not having enough truck drivers, as an example, there are current tests under way in Europe that are looking at that final leg of delivery using autonomous trucks. Regulatory changes that would enable the delivery of some of these new technologies have the potential to help, but it's early in the game to understand how much support that could provide the industry within the narrow window of delivery of product.

Mr. Greg Cherewyk: I think it's critical for the next policy framework to acknowledge the important role that transportation plays in making us successful domestically in North America and around the world.

The last time we applied for funding under GF2 to address transportation, we did it as a coalition. We did it as an agriculture industry that had come together to support a long-term strategy, and one of the challenges we faced in the early goings-on was the fact that the policy framework was established to promote trade and didn't exactly acknowledge the role that transportation plays in facilitating trade, so the department had to work very hard to make necessary adaptations to allow for such an innovative proposal to come forward. I know it required support politically as well to ensure these types of things could happen.

There is a recognition now that the next policy framework must accommodate innovative work that needs to be undertaken with respect to transportation, and continue to support that going forward.

• (0935)

Mr. Ron Lemaire: And linking through at the provincial level as well. We can't forget the provinces.

Mr. Joe Peschisolido: Ocean Spray is based in my neck of the woods, in east Richmond. As you know, it's a co-operative approach. Some would argue that's a transformational approach to things. Could we take that model of the co-operative approach that Ocean Spray has used in cranberries and juices and apply it to other sectors?

Mr. Ron Lemaire: We are very different industries, but so similar in some ways.

Mr. Greg Cherewyk: It's an interesting question that I don't have an answer to at the moment, but I would be happy to get back to you with our views later.

Mr. Ron Lemaire: It does occur across the fruit and veg sector. I mentioned Peak of the Market in Winnipeg, and it's a co-operative. Ocean Spray is another one. There are numbers of them across the country.

Success comes in partnership. It doesn't necessarily need to be a co-operative per se, but the philosophical approach of that partnership delivery of consolidating many small growers and delivering product through consistent quality, the right food safety and assurance system, and a common dealer has potential to grow.

The Chair: Thank you, Mr. Lemaire.

Thank you, Mr. Peschisolido.

Now we have Mr. Shipley for six minutes.

Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC): Thank you very much.

Thank you, witnesses, for coming on this significant topic of the agriculture policy framework. Clearly both of you and your organizations represent producers, but also represent.... How do we get and how do we supply a domestic market? As has been said, Canada is an export nation. As we continue to produce and provide funding to get the growth that we need to make it profitable for the producers—and hence the processors and the value chain that goes with it—we need to make sure that we have the market and can get them to it.

One of the things you talked about.... I want to make sure I got the numbers right. I think you mentioned this, Ron. In terms of the research, industry provides...?

Mr. Ron Lemaire: Industry provides 25%, and government 75%. That's the ideal model.

Mr. Bev Shipley: Is there value in bringing the industry and all the players to the table under the cluster funding program? Does that have a relevance? Is it something that needs to be continued, or perhaps changed to make it better? Does either one of you have any comments on that?

Mr. Ron Lemaire: For the produce sector, I can say that the current cluster model seems to be working, as managed through the Canadian Horticultural Council. The direct question should be asked of Rebecca Lee, the CEO at CHC. I do feel that there has been success, but there is potential to continuously improve.

Mr. Greg Cherewyk: The industry is very supportive of the cluster model and looks forward to working with a similar model going forward.

I'd identify a few priorities here. We've consulted broadly on this, just to identify some key things they want to see going forward. Building on success will include the ability to accommodate short-term and somewhat emerging issues midstream throughout the program. For example, the pulse industry identified or discovered an issue with respect to *Aphanomyces* or root rot midstream through GF2. Having the ability to access funds mid-term is going to be a priority so that industry can adapt to issues as they emerge.

Ensuring that all researchers can access funding, whether it is provided federally through the cluster program or administered provincially, and limiting the barriers to that access are priorities. Provincial government employees and provincial government research are a priority and are important in many provinces across the country. There is a request that we do everything we can to ensure that we limit the constraints to accessing that funding by provincial growers. Continuity and a seamless transition between Growing Forward programs is seen as important.

The key thing here is getting the program up and running as quickly as possible in the spring of 2018. Seed has to go in the ground in April and May. If we miss that time frame, we lose an entire year of research.

As a last note, efficient processes would be absolutely key.

• (0940)

Mr. Bev Shipley: I want to trip into another topic around agriculture right through the system, in terms its effect on the environment. I'm wondering about agriculture's positive impact. Because of the land mass, the crops that we grow are actually carbon sinks.

I would like to get your thoughts. Is there a way of having something within the next APF that would help to recognize...rather than having to pay into some sort of a fund for agriculture, so that agriculture would receive the benefits it deserves for the positive aspect it puts into agriculture?

I might be thinking more about production, but I'm going to be honest with you. When you're on the road, or if you're travelling this country, you see the changes that have been made to the transportation system. You see trains of attached 53-foot trailers going down the road carrying produce. Instead of two trucks on the road, now there's one. Could I get your thoughts on transporting the products, using more rail, and shipping as much as we can internationally?

Is there any way, in the discussion around the APF, of getting some cost-benefit analysis on the benefits of agriculture?

Mr. Greg Cherewyk: I'm going to present something a bit different for you to think about.

From the pulse industry's perspective, it's time to shift the focus away from the farm and onto food. I'm going to demonstrate this through an example.

Take a standard formulation for bread in this country, which uses a 100% wheat formulation. If you re-formulated that bread to use wheat that had been grown in rotation with pulses and replaced 20% of the flour with a pulse flour, you would increase the protein of that bread by 14%, increase the fibre level by 125%, and reduce greenhouse gas emissions by 23%, all associated with the production of that slice of bread.

Where on a farm, over a relatively short period of time, could you achieve the same type of reduction in greenhouse gas emissions while simultaneously increasing the nutrition associated with a product? It's time that we all start shifting our focus away from what incremental improvements we can see on the farm and towards the massive, substantial, and material impacts we can achieve by focusing on food.

The Chair: Thank you, Mr. Cherewyk. Thank you, Mr. Shipley.

Unfortunately, that's all the time we have. It has been a very interesting conversation. I want to thank both of you for being here today. In passing, after tomatoes, chickpeas and lentils are my favourite food, just to let you know.

We will take about three to five minutes to change the witnesses.

Thank you so much.

● (0945)

(Pause)

● (0950)

The Chair: We'll begin the second hour of our work on the APF.

With us for the second hour are

[Translation]

Ms. Corlena Patterson, executive director of the Canadian Sheep Federation, and Ms. Kristy House, national on-farm safety coordinator.

[English]

Also we have

[Translation]

Mr. Hans Kristensen, from the board of directors of the Canadian Pork Council, and Mr. Gary Stordy, public relations manager.

[English]

Welcome, everyone. We will have opening statements of up to 10 minutes, and I will ask Ms. Patterson to start. Thank you.

Ms. Corlena Patterson (Executive Director, Canadian Sheep Federation): Good morning, Mr. Chairman, and esteemed committee members, and thank you for the invitation to appear here before you today to speak about the next agricultural policy framework.

On behalf of the Canadian sheep industry, I'd like to thank you for the invitation to speak about our sector's key requests for the next policy framework.

We've had the privilege of being part of the agricultural policy framework engagement strategy and working with operations levels on program design, so today's appearance provides our industry a chance to highlight our key priorities and we appreciate this opportunity.

In June of this year, the Canadian Sheep Federation joined Canada's livestock sectors in advocating for a national, sustainable model of animal health risk management within the next agricultural policy framework. This commitment to building resiliency within Canadian livestock production needs to go beyond ad hoc initiatives of the past and include legacy funding for priority areas such as surveillance, biosecurity planning, diagnostic capacity-building, regulatory modernization, research, vaccine development, emergency response, and financial risk mitigation.

Committed funding needs to be pan-Canadian and multisectoral in nature, breaking down jurisdictional barriers and bringing all industry groups into the decision-making process. Maintaining an effective infrastructure of facilities and trained professionals to conduct disease surveillance is the only way of detecting new incursions of important production-limiting diseases, and more importantly, preventing these incursions from spreading.

Federal support in terms of field sampling, diagnostic services, and epidemiologists must be available to continue and improve surveillance activities. Each sector can prioritize areas of risk, but all sectors require the necessary infrastructure in place to support these surveillance activities.

The Canadian sheep industry manages a list of important diseases for which surveillance is needed. This list includes the likes of bluetongue, Cache Valley virus, scrapie, vesicular diseases including foot and mouth disease, rabies, *peste des petits ruminants*, and the list continues.

In order to effectively manage disease surveillance, emergency response, and disease containment, Canada needs a functional traceability system. The recent announcement that TraceCanada funding was revoked because the organization failed to deliver a national multispecies database clearly demonstrates the risk involved with privately held repositories of traceability data. We often draw on international examples of livestock traceability systems as we move ahead with the design of our own program, but we all too often overlook the fact that, in these comparative jurisdictions, federal government supports key traceability activities such as data management.

Moreover, deferring the cost of supporting traceability solely to producers puts the program's compliance, engagement, and sustainability at risk. The next agricultural policy framework needs to establish dedicated funding for a national multispecies database that supports traceability in Canada if we're ever to have a program that sees everyone participating.

Likewise, industry funding must be available federally and provincially to support traceability implementation for a full range of stakeholders, including money to support reporting infrastructures for stakeholders, communications, engagement, and program improvements through the early years of its implementation as we learn through the growing pains.

In keeping with support for a strong national animal health policy, federal and provincial governments need to commit to sustainable funding for institutions that safeguard animal health by supporting responsible antimicrobial use and surveillance in Canada, such as the Canadian global food-animal residue avoidance databank and an expanded version of the Canadian integrated program for antimicrobial resistance surveillance, or CIPARS.

For minor-use species such as the sheep industry, the responsible use of veterinary drugs is supported by ensuring that producers and veterinarians alike have appropriate access to medically important pharmaceuticals. However, the Canadian sheep industry struggles with access to veterinary drugs, veterinary biologics, and pesticides. In the past year we've seen an adaptation of the Pest Management Centre's approval process that led to supplemental approvals for two new veterinary products for use in sheep in Canada. We also saw the first-ever trilateral joint review of a veterinary product, conducted by Canada, Australia, and New Zealand, that led to the approval of an important pain-relieving drug.

Critical to the sheep industry's competitiveness is funding for the expansion and ongoing support of these two particular initiatives.

Long-term predictable agricultural research funding is essential to strengthening the sector, as is a coordinated and collaborative approach to research that avoids duplication of efforts and eliminates research gaps. Increased funding of AAFC's internal capacity to meet basic research needs underpins the foundation of agricultural research in Canada, and we need to bring that back.

● (0955)

AAFC must in turn work with existing universities and provincial expertise centres such as our own CEPOQ to prioritize key research needs established by industry rather than competing for resources and projects. The sheep industry would like to see investments in

research whose outcomes help optimize production and performance and improve flock health, manage market expansion and expectations, and improve the business performance and profitability of the Canadian flock.

Research funding, however, must not end with the conclusion of research projects. Research that can't be implemented in real time is of very little benefit if it can't be translated by stakeholders into profitability and productivity. Technology transfer that sees the interpretation and implementation of research findings must also be well funded.

Investments in market development will support industry growth and prosperity, but those investments should not focus solely on international markets. For some sectors like our own, there is tremendous potential to capture domestic market share and displace imports with Canadian products.

Funding for capacity-building is essential to kick-start market development for some sectors, and should be considered as part of a market development funding stream. Additionally, governments across Canada must commit to partnering with industry and working proactively in the development of an agreed-upon national food strategy that includes supporting producers as they continue to build upon existing food safety assurance programs to meet the needs of processors, retailers, regulators, and consumers.

Canadian agriculture, particularly the livestock sector, has faced increased scrutiny from the public eye, real or perceived. The next agricultural policy framework needs to provide support to the sector, not only by ensuring funding to stakeholders as they work to strengthen consumer confidence domestically and abroad but also in terms of validating and supporting scientifically sound production practices.

Funding needs to be available to industry to respond to public trust pressures, and federal agencies need to ensure that changes to policy related to food production are driven by the science of farming and not in response to a public opinion poll.

Along these lines, the sheep industry would like to see funding available federally and provincially to all stakeholders handling livestock, from the farm gate to the processing facilities, as they work to meet animal care standards set out in our codes of practice and implement other practices related to enhanced humane handling in terms of equipment, personnel training, proper restraining, and electrical stunning.

It's clear that we're in an era of climate and environmental change. The agricultural sector needs to manage its role in environmental sustainability and requires funding to help implement changes in production that will protect our environment for future generations of farmers. At the same time, the sector needs to learn to adapt to climate change that impacts animal health and disease incursions, changes feed and food production, and alters what we know about environmental stewardship.

Producers need funding that helps manage changing disease risks, parasites on farms, and plant diseases, while helping to manage carbon emissions in this new era of carbon fees and taxes.

Canadian farmers need to be able to mitigate financial risk if they're going to stay in business, but with fewer and fewer farms choosing to participate in the current suite of business risk management programs, the level of financial risk facing producers, industry, and governments continues to increase.

The Canadian Federation of Agriculture recommended changes to the BRM program that we support, suggesting a list that includes restoring AgriStability's payment trigger to when program margins fall below 85% of a farmer's historical reference margins; eliminating AgriStability's reference margin limitation provisions, and exploring alternative approaches that limit payments for producers in profitable situations while ensuring coverage of allowable expenses for those facing negative margins; establishing mechanisms such as premium credits, kick-starts to AgriInvest, waived AgriStability fees, and enhanced access to capital for beginning farmers; establishing a supplementary program to the existing AgriStability program to address the lack of support currently available to diversified farm operations; enhancing and amending the outcome of the AgriInvest program to reflect its role in managing all financial risks, not limited to small risks as it currently stands; and amending AgriRecovery to cover multiple years of extraordinary costs or losses resulting from the short-term impact of a single event or recurring events that could not effectively be mitigated.

Aside from the funding eligibility, there's much within the agricultural framework, design, and delivery that could benefit from change. The current funding structure that requires industry matching funds needs to be re-examined. Twenty-five per cent is too high for some sectors and industry groups required to fund more than one project to help advance the industry. This practice makes it impossible for us to sponsor multiple projects. The same can be said of individual projects funded provincially.

• (1000)

Funding streams need to be designed with enough flexibility to allow smaller industry the opportunity to access funds and support projects needed to advance the industry.

The Chair: I'm sorry, Ms. Patterson; can you please conclude? We're past the time.

Ms. Corlena Patterson: We would like to see some changes as well in the approval standards and the process, speed, and flexibility of the programs so that they make them usable.

The Chair: Thank you so much, Ms. Patterson.

Mr. Hans Kristensen, with the Canadian Pork Council, is next.

Mr. Hans Kristensen (Board of Directors, Canadian Pork Council): Good morning. My name is Hans Kristensen. I'm a producer from New Canaan, New Brunswick, and the maritime representative on the Canadian Pork Council board of directors. I'm joined today by Gary Stordy, the Canadian Pork Council's manager of government and public relations.

I would first like to thank the members of the House of Commons Standing Committee on Agriculture and Agri-Food for the invitation to appear before you this morning to discuss the next agricultural policy framework.

In the time allotted for my testimony this morning, I will outline some of the opportunities in the domestic and export markets, business risk management tools, and animal health.

However, I would like to take a moment to thank Prime Minister Trudeau and the Minister of International Trade, Chrystia Freeland, for their commitment to signing CETA. This historic trade agreement, initiated seven years ago under the previous government, is certainly something that we can all celebrate.

The Canadian and EU markets for pork complement each other. While this relationship holds great promise, we look forward to the government officials resolving the outstanding technical barriers that limit our ability to fully capitalize on what was achieved. Our industry was very pleased to see markets and trades highlighted in the July 2016 Calgary Statement following the meeting of the federal, provincial, and territorial ministers. In fact, CPC's priorities align closely with the areas identified in this statement.

There is tremendous opportunity for Canada's pork producers. Canadian consumers include pork as part of a healthy diet, and there is a growing export demand, fuelled both by population and by income growth worldwide. This demand will be strengthened once the CETA and TPP agreements are successfully implemented. Further growth is possible in China, the ASEAN group, and India, all of which are Government of Canada priorities.

Our industry recognizes that opening or maintaining market access is never easy; however, it has to remain a priority for government departments such as Global Affairs Canada, Agriculture and Agri-Food Canada, and the CFIA. These departments need the flexibility and a full team with the financial backing to efficiently address market access issues.

There is work to be done to better capitalize on existing access. While we appreciate the efforts of the market access secretariat, CFIA's comparative lack of attention to export issues versus other domestic priorities is detrimental to efforts to address the needs of a global market.

Producers work hard to increase the demand for Canadian pork in domestic and export markets through CPC's on-farm programs, such as Canadian Pork Excellence, and each producer has a role to play in supporting the larger infrastructure of processing and trade. This is why producers support a core BRM suite of programs that can help manage market risk.

Risk management is a fundamental cornerstone in any business venture with volatility in revenues and costs—exactly like the Canadian pork sector. However, some of the changes made to key programs under GF2 have significantly reduced the capacity to assist the hog industry. Both the federal and the provincial governments need to improve programs and seek new and novel approaches to risk management.

AgriStability has been the most useful program to the sector in the past. However, its effectiveness in managing a significant price drop declined substantially with the reduction of positive margin coverage from 85% to 70%. At 70%, the program provides at best minimal protection in an extreme decline, but little else. The program needs to return to the 85% level to be effective.

In addition to this, we must also address the dual problem of the complexity and unpredictability inherent in the current AgriStability program structure. In order to be truly effective, any BRM program must be both predictable and responsive in a timely manner to ensure producers can make decisions to react to market conditions today with the confidence and the future protection provided to them through the existing suite of BRM programs.

The AgriInsurance and AgriInvest programs have proven to be of limited value to our members in their current state.

The AgriInvest program has not been effective in helping hog producers manage the short-term drops that are no longer covered by AgriStability. It is not effective in helping producers make investments to manage risk or improve market income. Even small income drops in commercial-sized operations are not addressed by a maximum government contribution of \$15,000 per year. This level does not reflect the economic realities and scale of production of current production practices in Canada.

Producers need a variety of tools such as mortality insurance and a hedging program to find the best options for their operations. Currently, a significant percentage of government expenditures dedicated to business risk management is dedicated to production insurance. Unlike crop producers, however, those involved in livestock production do not have access to a production insurance program. Other initiatives, such as price insurance, do not work for hog producers.

● (1005)

For the past decade, there have been ongoing efforts to develop mortality insurance or a production insurance type of program for livestock. Issues around coverage, the cost-sharing of administration, and premium costs have proven difficult to overcome. Industry and governments need to recommit to developing an effective, affordable program for implementation by a 2018 target.

On AgriRisk, initiatives have enabled the sector to explore options from approved access to hedging programs. Currently, many Canadian pork producers are unable to take advantage of this useful

management tool due to the fact that they would be financially unable to provide the large cash injections that may be required through margin calls in the open market. Without a range of risk management tools and strategies, hog producers face a combination of production, market, and financial risk that can undermine the success of a farm. Pork producers need a program to mitigate the risk of margin calls so that hedging becomes a useful and used business risk management tool

To seize the opportunity in the marketplace due to industry branding or trade deals, reinvestment is required. Infrastructure, especially the hog barns themselves, must be renewed. The Canadian Agricultural Loans Act program, designed to increase the availability of loans to farmers, can be a mechanism to further strengthen the hog industry. However, the program's utility is limited, and as a result it has not been useful to producers.

While producers have benefited for the past 18 months from a fair market return, that does not erase several years of sustained losses by our industry. The fact is that financial institutions' confidence has not yet returned to the industry in terms of allowing us to reinvest in the industry and borrow for barns and access capital. We are also in a situation where it's much more difficult to access capital to reinvest in an existing structure than it is to enhance or expand structures.

The current limitations to loans are constricting and unreflective of current farm business practices. An updated program should reflect commercial farm sizes and more complex farm structures. The maximum loan limit needs to increase dramatically and expand in scope.

The pork industry remains focused on the issues of disease prevention. Nothing is more foundational to our success as an industry and an exporter than animal health. In recent years, we have learned some powerful lessons in this regard, through outbreaks of circovirus, H1N1, and PEDv in hogs. We believe that Canada now faces an opportunity to build a robust national animal health strategy that will better prepare us for the risks of the future. A number of initiatives are ongoing through the National Farmed Animal Health and Welfare Council and a livestock market interruption strategy. That should continue.

We also believe that initiatives such as traceability, on-farm biosecurity, surveillance, and diagnostic capacity-building should be priorities in the next agricultural policy framework. Much was accomplished under past frameworks, and much remains to be done with the new policy framework.

The Canadian Pork Council looks forward to joining with its industry and government partners to ensure that together we can capitalize on the strength of Canada's agriculture and agrifood industry and realize its full potential in helping to build and enhance the economy of Canada.

I'd like to thank the members of the standing committee for giving me the opportunity to present here this morning.

• (1010)

The Chair: Thank you, Mr. Kristensen.

Now we'll begin our second round of questioning, with six minutes per questioner.

[Translation]

Mr. Gourde, you have the floor.

Mr. Jacques Gourde (Lévis—Lotbinière, CPC): Thank you, Mr. Chair.

I would like to thank the witnesses for being here with us this morning.

With respect to meat, you have two sectors that are very competitive internationally. The positioning of Canadian producers—to refer to the many pork producers in my riding—is changing every year. There appears to be some integration with big producers that offer certain services to small producers, such as feed and piglets. Producers then specialize in feedlots.

Is that a model that in the medium or long term will enable the Canadian pork industry to stand up to international competition? In your opinion, how will the industry be able to survive? The industry has had good prices in the last few years, but we seem to be headed for two or three years of prices that will be very difficult for producers. How do you see your industry in this regard?

[English]

Mr. Hans Kristensen: Thank you. It's a very good question.

As we've experienced in the past, international competition on a direct bottom line can sometimes be an insurmountable problem for Canadian pork producers. That is why the Canadian pork industry has been and will continue to be focused on branding and added value. We need to position Canada as a premium pork product worldwide and enhance our value and our choice. We do not want to place Canada or our industry in a situation where it's simply a race to the bottom and whoever produces the cheapest product will sell it to the person with the most efficient buying power.

At the Canadian Pork Council, we have worked very hard, along with other industry stakeholders, to brand our product internationally as a premium product and a safe product. Branding, country recognition, and food safety initiatives with the government and the CFIA will be the best things that we can do to brand us internationally and protect those export markets. We need to make sure that we create a product that other countries want to buy, not just the cheapest commodity product on the worldwide stage.

[Translation]

Mr. Jacques Gourde: The next strategic framework should make it possible for young people to have a farm and fulfill their dream of

living there for the next 30 or 40 years. Given the economic situation in the meat sector, however, this does not appear to be the case.

Pork producers in my riding are about 60 years old on average and no one is interested in taking over their farms. For the next ten years, they will be breeding animals in buildings that are about 30 years old. There is hardly any new construction. In my riding in the past five years, there is just one pig farm that has added new buildings.

Have we reached the point where we have to reinvest in infrastructure in order to keep animals? In my riding, the situation of pork producers is very negative right now.

[English]

Mr. Hans Kristensen: Yes, absolutely.

If you look at the rate of capital reinvestment in our industry over the last 15 years, it has declined significantly. It's declined for many reasons, mostly due to the economic hard times around 2008-09 and the recovery it took in our industry.

The level of reinvestment has been at a critical low, and it needs to change and to be ramped up. Access to capital remains a challenge for both existing producers and new producers coming in. The harsh economic reality that we face as producers is that we live in a very capital-intensive industry. In order to be competitive, you need to be of a certain scale of size. In commercial operation today, that requires an investment of millions of dollars in capital, and it also requires that this capital be reinvested on a periodic and timely basis to ensure that our facilities are up to date and modern, and that they meet the ever-evolving needs of animal welfare and safety standards.

It's imperative in our industry that producers have access to capital. A program is needed desperately in our industry to allow young producers and existing producers to reach that goal. If we're not able to reinvest in our infrastructure, we will reach a critical mass point in the next four to seven years, when a lot of our buildings will have to be retired and we'll be unable to have access to capital in order to reinvest in them.

We need to come up with innovative programs for capital investment that can maybe be set aside and converted to interest-only payments during economic downturns. We need to come up with ways that will continually enhance the value of our product and ensure that primary producers are getting a full share of the total market value of their product so that young people can invest with confidence, knowing that over the long term, 20 or 30 years, that their investment will pay off and that they made a wise decision. We need to increase access to capital. We need to also increase the value of our product to make it a wise decision. We need to work on ensuring that the primary producer is getting an adequate share of the value-added chain.

• (1015)

[Translation]

The Chair: Mr. Gourde, you have 45 seconds left.

Mr. Jacques Gourde: Ms. Patterson, you talked about your concerns for young people in the future. I think you didn't have the time to finish what you wanted to say about programs. How should programs be designed to help the next generation?

[English]

Ms. Corlena Patterson: The question was alluding to suggestions for program design.

I spoke a bit about the limitations that we have in terms of the industry cash contribution to those projects. For smaller industries like ourselves, industry groups have to support multiple projects, but we work on shoestring budgets to begin with. It makes it difficult to access the funding that we need. We find that the approval times in those projects is long. It can take a year for a project to be approved, so in a five-year funding structure, you've lost a year in terms of being able to deliver projects and develop them.

The Chair: Thank you, Ms. Patterson. I'm sorry to have to cut you off again, but I'm sure you'll have another opportunity.

Mr. Longfield, you have six minutes.

Mr. Lloyd Longfield (Guelph, Lib.): Thanks, Mr. Chair, and thanks, Mr. Gourde, for bringing us towards this area of discussion.

I'm going to continue with that discussion around investment. You were talking about traceability, how we apply data to manage the flock, and medicines.

Could you continue to expand on that?

Ms. Corlena Patterson: Traceability has been a bit of a bumpy road of late in our industry. We've had a national ID program for 12 years. Producers have been paying for their portion of traceability for over a decade now. What we lack to make that system effective in our sector, and I think in all but the hog sector...in the pork industry they have a full traceability system, but four of our species groups that will be regulated to it have yet to complete that list.

It requires a database to manage the information, primarily, because traceability is all about information management. We see some challenges in being able to keep that infrastructure in place. In addition to having supported the cost of the producers' portion of traceability, there's an expectation, at least in what we've seen in the traceability negotiations so far, that the producers have to support the full cost of traceability. That means data management, and that means managing the information and ensuring those databases are in place. That's a very costly venture.

As an example, in the sheep sector, aside from the price of tags, aside from a producer's time to report information and manage the information on a farm, and aside from all the other stakeholders' investments in time and reporting capacity, the database is expected to cost just our sector in excess of \$130,000 annually. For an industry of 11,000 producers, that's a significant cost.

When we talk about traceability models and the gold standard of what a traceability program looks like, we often refer to countries like Australia and the system they have. We also know that their government funds that database management, that very costly portion of it. There are some security risks to be had with privatizing that information, first and foremost, and then there's a concern over what that increased cost means for a producer's cost of production on

an animal and whether producers can sustain that in the long term. If they can't support the cost of it, then there isn't a program when the federal government isn't supporting it, at least in some capacity.

Mr. Lloyd Longfield: Thank you for that detail. That's going to help our study.

It's good to have Guelph in the house. I should have said that right off the bat, with your organization being centred in my riding.

The University of Guelph has just received \$77 million in funding to look at food. One of their partners is IBM. The University of Guelph is developing a data network with IBM. Is that something that you're looking at leveraging?

Ms. Corlena Patterson: No, not specifically. In working with TraceCanada, which of course has kind of gone by the wayside in the past few years, we had talked about integrating the food sector and the livestock sector and about managing that data to provide some continuity of information from farm to fork or from farm to plate. When we talk about traceability in the livestock sector, and I may be alone in this, we're really looking at the portion until the animal has been dispatched, until the slaughterhouse. So far, I don't think we've looked at a system that bridges that gap.

We have the food data management component and the animal management component. At some point, to create the system that the consumer is expecting, there has to be a way to bridge those two, but we haven't got to managing the livestock information yet in all sectors.

● (1020)

Mr. Lloyd Longfield: The Calgary Statement might indicate that's an opportunity if we look at innovation and how we bridge industry-academic collaborations.

Ms. Corlena Patterson: Yes, absolutely.

Mr. Lloyd Longfield: On the hog front, I've heard some great things coming out of New Brunswick around the management of the hog industry. Could you comment on some of that?

I'm leaving that fairly wide open. There's some significant progress there.

Mr. Hans Kristensen: We like to think there is, yes. Producers in New Brunswick will take credit for that.

Both the province of New Brunswick and the hog industry suffered a severe setback some years ago with the closure of the only federally inspected processing plant in New Brunswick, which at the time put the industry in severe distress. A lot of people thought it provided us with a death sentence.

What happened instead was that the remaining producers in New Brunswick got together. We did a really hard and comprehensive review of our industry and where we were at, and we looked at our strengths and weaknesses as an industry. We figured out that up to the point of weaning a piglet, we were very competitive and had done well. Past that, our geographical location, now coupled with our lack of processing facilities, eroded that advantage.

We evolved our industry to handle two types of production.

One is simply SEW production, which was exporting SEW piglets to be finished in the U.S. They were still owned by the Canadian producer, but in U.S. contract facilities. They were also going into Quebec to support finishing facilities in partnership with processors in Quebec, as part of an integrated value chain.

The other model was that we used our isolation and biosecurity programs to produce specialty pork. We were producing antibiotic-free pork and pork raised in stall-free environments and cage-free environments. Both of these have proven successful, and they have allowed us to sustain a production in New Brunswick. While production is now less in pounds of pork, because we're not finishing or providing them, we have increased the total number of animals now being produced in the province of New Brunswick, as of the day the plants were closed. It was just a matter of adaptability.

Mr. Lloyd Longfield: I think I'm out of time, but thank you for that example.

The Chair: Thank you, Mr. Longfield. Thank you, Mr. Kristensen.

[Translation]

Ms. Moore, you have the floor and you have six minutes.

Ms. Christine Moore: Thank you, Mr. Chair.

First, I would like to talk to the pork producers' representatives, and then Ms. Patterson can finish her answer.

In my riding, we have pig nurseries. Other projects are in the works as well. A number of locations in my riding have been chosen because of their distance from other farms, in order to prevent the spread of illness. Unfortunately, setting up a nursery far from major centres sometimes means that certain services are not available.

I would like to hear your thoughts on access to veterinarians. Many livestock producers in my riding have raised the problem and complain that it is very difficult to get access to a veterinarian. Increasingly, new veterinarians are specializing in family pets. As a result, there is a significant lack of young people becoming veterinarians for farm animals.

[English]

Mr. Hans Kristensen: Thank you.

That's a very good question and a very complex issue. Again, we'll go to innovation here.

I can only speak about my personal experiences in Atlantic Canada, but we are in exactly the position you just described. We're a geographically isolated area which affords us biosecurity and disease-free status. It makes us an excellent area for housing

farrowing facilities. However, it does limit our access to resources such as veterinary services, along with many others.

What we've had to do as producers is become more self-reliant and more resilient. We've had to take more of an in-house approach to animal health and animal health programs. We do have regional veterinary services in Atlantic Canada. However, we do not have access to a swine specialist vet in our province. We use one out of Nova Scotia. It limits the availability of that person on our site to approximately two times a year. What we have done, though, is we've adapted and we use today's technology. We do video conferencing with our vet. We literally will send pictures back and forth. We'll send samples to the lab. The results will go to the vet. We'll do phone conferencing. It is a challenge in being geographically isolated, but it's one that we accept and adapt to in order to maintain the biosecurity and the enhancement.

There's an inherent advantage to that, in a way that's sort of an offset. It is that every time someone accesses my facility, whether it's an industry expert or a veterinarian or a sales professional, there's an inherent risk to my biosecurity and protocols have to be followed.

By becoming more resilient, using technology—the Internet, teleconferencing, video conferencing—to try to follow some of those programs, we can maintain the advantage of biosecurity and isolation and overcome the lack of resources available on a farm.

• (1025)

Ms. Corlena Patterson: Thank you.

It is a great question, because it is definitely an infrastructure challenge in our sector specifically, and it's more widespread. It's not necessarily a case of being geographically distinguished or separate.

We have in our industry a very limited access to competent, experienced, and willing small ruminant veterinarians across the country, and it does make it a challenge to ensure that we're having validations for different insurance programs.

When we see regulations change to further limit access to antimicrobials and veterinary drugs and to require veterinarian-client-patient relationships, or VCPRs, whereby drugs have to be administered only under one of those and you have to have an attending veterinarian come on farm and validate the issue and the correct treatment, that becomes an increasing problem.

When we've been part of the discussions on regulations with respect to vet drugs and how they change, we need to keep in mind that it is a challenge to access competent veterinarians who are willing to make the farm visits and to do so economically for producers. When a vet fee is \$100 and the animal is worth \$100, we don't want to leave producers where they have to make a choice between animal welfare and bottom line.

I don't know how this next agricultural policy framework manages that infrastructure challenge, but I do like the ideas that Hans brought up, which were video conferencing and remote access to veterinarians. I think we're going to need to see some flexibility within the veterinary practices to understand those limitations to access and to provide some creative ways to create these relationships that allow producers to have access to treatment and medications in a responsible manner that respects the proper and sustainable use of veterinary drugs.

[Translation]

Ms. Christine Moore: In the strategic framework, it might be helpful to track the current number of veterinarians in Canada as compared to the needs and the number of people retiring. Veterinary training is quite lengthy and at present it is only offered at five universities in Canada. So it is not even offered in every province.

We have to ensure that the needs of the agri-food sector, in terms of access to a veterinarian, can be met in the future and that action is taken if the shortage is getting worse.

[English]

Ms. Corlena Patterson: Yes, and if I may say so, that would be a worthy undertaking.

At the same time, I think we need to look at creative and innovative ways of capitalizing on the resources that we do have in using the technology as it advances in other sectors and applying it on the farm in terms of veterinary access as well. A combination of those two would be very helpful.

Mr. Hans Kristensen: Another aspect we can look at is some type of policy in the new framework that would address geographic isolation, whereby a veterinarian's services would not cost me more because I'm located 300 miles away than they would if I were next door. If there were some way that we could offset those costs so that all producers would have equal veterinary costs and that we don't add—

The Chair: Thank you, Mr. Kristensen. Now we have to move to Monsieur Drouin.

[Translation]

Thank you, Ms. Moore.

Mr. Drouin, you have the floor and you have six minutes.

[English]

Mr. Francis Drouin: Thank you, Mr. Chair.

Mr. Kristensen, do you want to finish that comment?

Mr. Hans Kristensen: No, that's fine.

Mr. Francis Drouin: Okay.

I heard you talk in your opening statement about market access. You mentioned some of the non-trade barriers in marketing access. You've also talked about the CFIA maybe not having the proper tools to provide confidence in other markets. Can you expand on that?

• (1030)

Mr. Hans Kristensen: Sure. The issue we have as pork producers is that while we consider that the CFIA does a valued and great job domestically, a lot of people don't even realize the need for the service they need to provide to protect and enhance our markets internationally.

The problem is that when we're looking at foreign countries with the potential to buy our product, they send us a list, and it says that in order to buy our product, they have to see that our industry is doing A, B, C, D, E, F, and G. The CFIA is recognized as the body that has the authority and the ability to deal directly with other foreign government agencies and to certify and to do that. The problem with the CFIA right now is not one of mandate or one of willingness; it's one of capacity, budget, and staff.

It would be of great interest and great benefit to the Canadian pork industry if the CFIA were given the resources to enhance their capability to perform that service and to be more responsive to those questions, because a lot of times it's also about doing that in a timely manner.

We're in competition for a global market with another country. The better the job we do, and the more clearly we can give confidence to that buyer in terms of the fact that our product not only meets but exceeds any expectation they have, as certified by a government body, the more likely we are to access that market.

Mr. Francis Drouin: Is that list from other countries, which I would call the "laundry list", provided in advance of when they start negotiating? Are we aware of what we need to do before we sign on to these trade deals?

Mr. Hans Kristensen: The laundry list changes between countries, and daily, so as we're in negotiations, the laundry list can change, which is why it's extremely important that the CFIA have the resources and the staff to react to those changes and demands.

Sometimes they can be changed simply in a part of a negotiation when another competitor—for example, the United States—is offering or showing that they're going to be able to do a certain thing for a product. The potential buyer will come back to Canada and ask if we can certify that we're doing the same thing. We need the CFIA to have the resources to react to that in a quick and timely manner.

Mr. Francis Drouin: Okay.

Ms. Patterson, I want to go back to market and traceability. I know that you guys were recent recipients of funds under Growing Forward 2 to help provide a strategic plan on scrapie. Why do you believe it's important that we pay a lot of attention to traceability under the new APF?

Ms. Corlena Patterson: Traceability does underpin a number of other very important components of Canadian agriculture. Trade is one prime example. We see trading partners require the ability to trace an animal to its farm of origin in certain instances. When we talk about disease management, health risk management, and disease surveillance, with that comes the need to be able to trace animals and find out where they've been and where they've moved to, and that sort of risk. It's essential for that.

From a producer perspective, traceability is a regulation that we're going to be required to comply with. In order to do that, it requires a tremendous amount of funding. It has definite value for producers—there's no doubt—in managing disease risk and disease spread should there be an outbreak, but by the same token, it's to meet a regulation. That comes at a significant cost already to producers, and increasingly so as we manage it.

Mr. Francis Drouin: To rephrase my question, if we did provide some funding to help the industry convert to high-tech traceability, do you have confidence that if there were a disease, let's say, other countries would not completely shut down their borders? At the end of the day, that's what it part of it comes down to. Do you have confidence that Canada could go to other countries and tell them not to worry, because we have a system that's based on science, we know exactly where the animal was, and we've contained the disease? Do you have that confidence?

Ms. Corlena Patterson: That's a great question that maybe the pork folks can speak to as well.

We are not as massive as others in the trade or exporting sector. I think we've certainly seen examples in which being able to manage that sort of information and definitively understand where the risk lies does allow the opportunity to reopen borders more quickly. At the end of the day, there's always the idea of a non-tariff trade barrier and any trading country willing to take advantage of it in certain instances.

Again, we don't do a lot of trade in our sector, but the movement we've seen towards exports of late is that the very first thing people want to talk about is your traceability system and your ID program. They want to understand that you have the capacity to manage it. Whether or not they need to see proof that it has been managed is different.

We have a meeting with our Mexican counterparts. We talked earlier about certificates. It took the CFIA seven years to get that certificate, but it's finally been ratified. We'll meet with trading partners to talk about that. One of the key things they want to talk about is our traceability system. They want to understand what it does, how it manages the information, who can access it, and how it can at least zone for different diseases.

• (1035)

Mr. Hans Kristensen: Food traceability is becoming the hot topic. The goal of any food traceability program, as far as an industry and a government is concerned, is basically twofold: one, to limit the impacts on our trade, and two, to recover as quickly as possible.

We need to look at enhancing and developing our agreements and our traceability. If we do have a trade restriction due to an outbreak of disease or whatever, one of the biggest things we can have, and the goal, is regionalization, so that it affects western Canada and not eastern Canada, or maybe we can isolate Ontario. If we have full traceability programs with international confidence, we can do it so that it won't affect our entire industry but maybe only a portion of it. That way we can recover much better and much faster. The economic impact will be far less, because the areas that can't export can supply more domestic market, the areas that can export can supply the export market, and we can maintain our contracts and our reputation.

The other goal is to quickly recover from that and get those restrictions lifted.

The Chair: Thank you, Mr. Kristensen.

[*Translation*]

Thank you, Mr. Drouin.

[*English*]

I want to thank the panel for being here today. This will be great for our study. Thank you for coming. Have a safe trip back.

We have some housekeeping to do, so we will move in camera at this time.

[*Proceedings continue in camera*]

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