



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

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

---

AGRI • NUMBER 031 • 1st SESSION • 42nd PARLIAMENT

---

**EVIDENCE**

**Thursday, November 17, 2016**

—  
**Chair**

**Mr. Pat Finnigan**



## Standing Committee on Agriculture and Agri-Food

Thursday, November 17, 2016

• (0850)

[English]

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

Good morning, everyone. We're pursuing our study on the agricultural policy framework.

Today we have the Canadian Agri-Food Trade Alliance with us.

[Translation]

Welcome.

[English]

Also, from Soy Canada, we have Jim Everson. Welcome to our panel this morning.

We will do the first hour. Madame Citeau, I will give you up to 10 minutes to do your opening statement, and then we'll go to questions.

**Ms. Claire Citeau (Executive Director, Canadian Agri-Food Trade Alliance):** Thank you.

Thank you for inviting me today to speak on behalf of CAFTA, the Canadian Agri-Food Trade Alliance, on the next agricultural policy framework.

CAFTA is the voice of Canadian agriculture and agrifood exporters. We are a coalition of national and regional organizations that seek a more open and fairer international trading environment for agriculture. Our members represent farmers, producers, processors, and exporters from the major trade-dependent sectors, including beef, pork, grains, oilseeds, pulse, soy, malt, and sugar sectors. Together we account for 90% of Canada's agriculture and agrifood exports, about \$50 billion in exports annually, and economic activity that supports 940,000 jobs across the country.

I'd like to imprint on the committee today the importance of competitive access to global markets for our export-oriented sector. I'll begin by explaining why agriculture and agrifood matters to the Canadian economy.

Canadian agriculture and agrifood exports make a significant contribution to the Canadian economy. Canadian agriculture and agrifood exporters generate a direct and indirect GDP of \$30 billion for agriculture and over \$65 billion for food manufacturing. Our sectors represent 352,000 direct and indirect jobs in agriculture, along with 588,000 jobs directly and indirectly in food manufacturing.

The specific contribution of agriculture and agrifood exports in Canada is similar to the direct contribution of entire sectors, such as universities, financial investment services, and art, entertainment, and recreation. It is even much greater than the contribution of the aerospace manufacturing sector.

Our sector is inherently dependent on trade. We are by and large export-focused, as we export over half of everything we produce—that's half of our beef, 65% of our soybeans, 70% of our pork, 75% of our wheat, 90% of our canola, 95% of our pulses, and 40% of our processed food products.

International trade is crucial for Canadian agriculture and agrifood, as 58% of its total value is generated through exports. Over the last 10 years our exports have grown by 103%, from \$30 billion to over \$60 billion, boosting farm cash receipts by 61% over the same time period. To put this in perspective, 90% of farmers rely directly on exports. One in two jobs in crop production depend on exports, and one in four jobs in food manufacturing, so for our trade-dependent sectors, competitive access to global markets is simply not a choice but a requirement.

CAFTA welcomes the six overarching objectives and the six priority areas of the next agricultural policy framework, but believes that success will require commitments that extend much beyond the mandates of Canada's Minister of Agriculture and Agri-Food. Given that CAFTA works solely on trade issues, I will concentrate my remarks on the market and trade priority area of the agricultural policy framework.

Canadian agriculture produces what the world needs and is well positioned to continue to do so, but Canadian agriculture cannot be globally competitive without commercially viable access to export markets. The negotiation of access to foreign markets is an exclusive mandate of the federal government, and this cannot be undertaken by industry. We can't thrive if tariff and non-tariff barriers prevent us from being competitive with competitors who have preferential access because their governments have been better at reaching trade agreements, as is the case with Australia, which already has agreements with both Japan and China, and we don't.

Canada needs to do more to eliminate tariff and non-tariff barriers for agriculture and agrifood through free trade agreements. Agricultural tariffs on average worldwide are much higher than tariffs on manufactured goods. Agriculture also accounts for a disproportionately large share of trade disputes, increasingly with respect to SPS and TBT complaints. While the next agricultural policy framework emphasizes increased global competitiveness and trade, it is critical that resources available to departments and agencies in charge of trade negotiation and resolution of market access issues be increased to levels that would permit these organizations to fulfill their mandates adequately.

I'd like to share with you two of the most significant developments in global agricultural trade in recent years.

First, we've entered an era of competitive trade liberalization in which countries compete for preferential access through bilateral and regional free trade agreements. This even includes countries that are not traditionally known to be free traders, such as Japan.

In this environment, the growth and sustainability of our sectors depends on the timely negotiation and implementation of trade access to the markets that our competitors are also after. Canadian agriculture has already lived through this before, with South Korea, when a billion-dollar market was cut in half virtually overnight as our competitors—the U.S., the European Union, and Australia—had their tariffs eliminated, and we did not. We cannot afford to see this again.

We currently have two of these free trade agreements before us.

We strongly encourage CETA, the Canada-Europe free trade agreement, and we strongly encourage the completion of the respective legal and political processes related to CETA while completing the technical discussions so that the benefits can be realized in the form of commercially viable access for all Canadian agriculture and agrifood exporters.

The TPP is another free trade agreement. Eight out of the 12 signatories have already put the agreement in front of their parliaments. Two have passed it, and Japan passed it in their lower house last week. Canada needs to follow suit, ratify quickly, and send strong signals to key trading partners such as Japan.

Given the uncertainty on the TPP at the moment, it would seem wise for Canada to also prepare for plan B and revisit bilateral talks with countries such as Japan, among others.

Second, the proliferation of non-tariff barriers in agriculture over the past decades has significantly increased the number of market access barriers our exporters face as they try to diversify their export profiles. Agriculture remains one of the most protected sectors in the world. Barriers take the form of import quotas, export subsidies, countervailing duties, technical barriers to trade, sanitary and phytosanitary measures, licences, non-science-based decision-making on the safety of food products, bureaucratic delays, export restrictions, and so on.

There is evidence that TBT and SPS measures have a negative impact on export market diversification and that the contribution of non-tariff measures to overall trade restrictiveness is significant. At times, non-tariff barriers are far more trade restrictive than tariffs

themselves. For farmers, producers, and exporters of all sizes, this has a direct commercial impact on export revenues, risk management, and predictability of operations.

Agriculture and Agri-Food Canada's market access secretariat has a priority list of over 300 foreign market access barriers to deal with. Given the characteristics of the prioritization mechanism, it seems unlikely that many of these issues will be addressed, yet doing so is essential for farmers and producers' businesses.

Our recommendations for the policy framework to contribute to a globally competitive agriculture and agri-food sector are as follows:

First, while the next agricultural policy framework emphasizes increased global competitiveness and trade, it is critical that sufficient resources be available to the departments and agencies in charge of trade negotiations and market access and that resources be maintained to levels that would permit these organizations to fulfill their mandates.

The policy framework should allocate proper resources to the functions in charge of negotiating free trade agreements, specifically the team of negotiators working on trade agreements such as the TPP, CETA, WTO, CJEPA, China, ASEAN, and India, as well as the next generation of future trade agreements. That's both within Agriculture and Agri-Food Canada and Global Affairs, which is the department that has the mandate for negotiating international trade deals.

The policy framework should also allocate proper resources to the functions in charge of implementing free trade agreements and maintaining and restoring market access. Typically, once free trade agreements are implemented, multiple non-tariff barriers arise. It is essential that adequate funding be allocated to the market access secretariat so it can continue its critical work in terms of minimizing technical barriers to trade and ensuring real access for our exporters. It must be noted that MAS, the market access secretariat, depends in part on the Canadian Food Inspection Agency, CFIA, to deliver technical support, so proper CFIA resources there would be a component of that resource allocation.

The policy framework should allocate proper resources to the network of Canadian representatives abroad, notably embassies and agriculture trade commissioners. Canada's ability to build a competitive industry depends in large part on how well the country opens doors abroad and builds and leverages relationships with relevant government and industry influencers and decision-makers.

•(0855)

Last, the policy framework should continue to support relevant ministers and senior officials in their activities to build and cultivate relationships at a high level in foreign markets. This is particularly critical to support trade and market development efforts for Canadian exporters in Asian countries.

In closing, our sector encourages a policy framework that expands our ability to competitively market our products in foreign markets. Ultimately, not just farmers and food processors benefit. Communities and urban/rural areas also do better when we have better access to countries abroad.

Thank you.

[*Translation*]

**The Chair:** Thank you, Ms. Citeau.

We will now hear from Mr. Jim Everson, from Soy Canada.

Mr. Everson, you have 10 minutes.

[*English*]

**Mr. Jim Everson (Executive Director, Soy Canada):** Thank you, Chairman.

Thank you to the committee for having Soy Canada here today.

I appeared before the committee not very long ago, so I thought I would try to truncate the introductory message about who we are and so on to say that Soy Canada is a value-chain organization. We represent the national soybean industry, including all of the producers across Canada of soybeans, the exporters of food grade and commodity soybeans, soybean processors, and seed companies.

The industry is growing rapidly in Canada. Farmers in large numbers are adopting soybeans as part of their crop rotation. We have 5.4 million acres of soybeans, which is an 82% increase over the last decade. This year we've had a 250% increase in our exports as a result of additional production in Canada. We now export 4.4 million metric tonnes, or roughly 70% of what we produce in Canada.

Our industry produces non-GMO food-grade soybeans, and we have an absolutely excellent record internationally for meeting very specific quality standards for soybeans that are going to be used for food products internationally, such as soy milk, tofu, soy sauces, and those kinds of products.

We also have a growing industry in growing what's called genetically modified or commodity soybeans, which are largely used in the animal feed industry internationally. The enormous growth in Asian meat production—swine, cattle, and so on—is what's driving this enormous demand for soybeans internationally, and Canada is increasingly feeding that market.

That's just a bit of a profile of our industry.

With respect to the agriculture policy framework, the importance of the framework, in my mind, really cannot be overstated. It's a really critical aspect of Canadian agriculture these days. It's very broad in scope, and Soy Canada supports the objectives and the priority areas that were identified recently in the Calgary Statement

by the federal and provincial ministers. We support the continued emphasis on existing policy areas.

Growing Forward 2 was very, very good for the sector. It focused on markets and trade, innovation, and risk management. Those continue to be important, and continuing to improve in those areas is important. We also welcome a focus on climate, public trust, and value-added processing, which are part of the new Calgary Statement.

Today I'd like to focus on a couple of priority areas that Soy Canada has identified. They are mostly in the areas of innovation and market access and promotion.

Today's agriculture really is all about innovation. The development of new seed varieties, which addresses the needs of our customers globally and which provide new tools such as yield gain and disease resistance for our farmers, is a big Canadian strategic advantage. The new agriculture policy framework needs to continue to invest in research and innovation and continually improve on collaboration and efficiency of that investment. We should build on the success of the policy framework in this area. A lot of the growth of the industry recently is based on having that support from Agriculture Canada's policy framework.

Many of the leading soybean varieties, for example, that are grown by farmers today have been developed with support from the APF, supported by research stations and universities such as the ones in Harrow, Guelph, and Ottawa. Those are the Ontario-based ones.

The APF's research cluster program is an excellent example of how industry and government researchers can align their efforts for more effective and efficient results in research. It facilitates nationwide cross-institutional collaborations. This is really important when competing against much larger exporters. In the soybean sector, both in food soybeans and crushed soybeans, we compete against the United States and their enormous volumes and institutional support. Bringing together our industry and making sure the private sector, universities, and the public sector collaborate is the only way that we can get the kind of efficiency and alignment needed to compete in those kinds of markets.

The cluster groups have been a very positive force in that industry and have shown considerable collaboration in tackling a number of agronomic and genomic priorities.

•(0900)

For example, over the last six years, the Canadian Field Crop Research Alliance, which is a cluster group that supports soybean research, has been successful in releasing over 63 new soybean varieties that provide innovation for farmers and new quality characteristics for customers.

Publicly funded research has helped push the boundaries of soybean production in Canada, greatly facilitating growth in our industry.

Over the past 10 years, new short-season varieties that have been developed through this research have led to major production growth now in Eastern Ontario and Manitoba, two regions that have traditionally been a challenge for growing soybeans because they have shorter growing seasons. Our university-based researchers benefiting from APF support have also developed new shorter season varieties, as have our private sector breeders.

In June, Soy Canada brought together the national soybean research community to focus our efforts and to align priorities. We want to get the best from our national collaboration, including public and private researchers. The priorities developed through this approach will go into our sector's development of jointly funded research in the next APF funding round. The cluster approach to funding encourages this collaboration, so we strongly support it.

This strategy of innovation is aligned with our priorities for market development and market access. These linkages are an important consideration for APF design. In addition to being innovative to support competitiveness, we need to have predictable access to international markets. Seventy percent of Canada's soybean production is exported, and that's going to increase in the future with production increases.

Two priorities stand out when it comes to continued support for market development and market access.

First, continue to support existing APF programs that are working. One that I have in mind is the AgriMarketing program, which has helped our industry promote Canadian soybeans in export markets and maintain and secure market access. It's a jointly funded program. Government provides 50% support, industry provides 50% support, and it's an industry-led initiative to determine the requirements we have for promotion and for market access issues. It supports promotion in new markets and assists in resolving market access issues. AgriMarketing funding supports Soy Canada's outgoing and incoming trade mission program, market research studies, and other activities that help build and retain markets.

In February of 2016, Soy Canada was able to undertake its first mission to South Korea and leverage the advantages from the recent free trade agreement and make important business contacts. Last week we participated in Minister MacAulay's trade mission to China, an opportunity that put us directly in front of importers in our largest market. We see that program as being really very helpful and we look forward to it in the future, as well as improvements to it.

Second—and I'm saying things similar to what was in Claire's presentation—it's important that government focus its resources in key departments on market development support and market access. Our industry and other sectors of agriculture benefit from the support of Agriculture Canada's market access secretariat, the Canadian Food Inspection Agency, the Canadian Grain Commission, and Agriculture Canada's trade support staff in foreign missions.

Increasingly, we see these agencies straining to keep up with the demand from the sector for assistance in export markets. In many cases, this work is not substitutable by any other means. For example, CFIA has a unique role. It is Canada's official plant protection organization for negotiating with its counterparts around the world and applying sound science to trade-related issues. Its

international role is important to agriculture market access, but we find it very focused on its domestic focus, the safety of Canadian humans and animals and so on, which obviously is a critical mandate. However, its role in terms of science and regulation internationally is critically important to our market access, and there is no other government institution that can stand in and do that work.

Those are the key areas.

We also really welcomed the Calgary discussions around public trust and climate. Despite the excellent track record that our industry has on stewardship and safety, we understand that the public is increasingly calling for more information and transparency. It's important that the agriculture sector maintain the trust of consumers. It is up to our sector to explain and build awareness, and we share this responsibility with government.

The next program should assist in the development of vehicles to bring consumers, governments, and civil society together with the farm community. It should assist in developing certification systems and standards that demonstrate best practices being followed in the sector.

● (0905)

Likewise, Canadian agriculture has to do its part in addressing climate change, and we are. When it comes to the stewardship of our natural resources, we have a lot to talk about. Since 1981, Canadian soybean production land use efficiency has increased by 16%. Over the same period, farmers have improved the net carbon footprint per unit of soybean output by 11%, and soybean growers are using 26% less energy in crop production. However, we need to demonstrate this. We need to talk about it more and let Canadians know we are doing these things.

Canadians have concerns about the use of technology in the production of their food, and it's—

**The Chair:** Mr. Everson, can you please conclude? We're a little past the time, so maybe just give a conclusion.

**Mr. Jim Everson:** I will conclude by saying that we greatly support where the agricultural policy framework is going and the major priority areas that the government has outlined.

● (0910)

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

Now we get to the question part.

Mr. Anderson, you have six minutes.

**Mr. David Anderson (Cypress Hills—Grasslands, CPC):** Thank you, Mr. Chair.

I want to thank our witnesses for being here today. These were great presentations with lots of content.

I'm thinking, Mr. Chair, that we should actually be asking our witnesses to come up with some costing information for each of these requests. As we go further into our hearings here, the grocery list seems to be growing. We've covered BRM requests and we've talked about market access, research, innovation, and technology. I'm not putting that on you, but this seems to be a bigger and bigger project for us. It will be interesting to see what recommendations we come out with. It's hard to know what the bill is on all of these things.

Ms. Citeau, I wanted to talk about foreign market access barriers.

There are 300 technical barriers, which has come up in our conversation a couple of different times. Do you have any suggestions about how we might deal more effectively with the non-tariff trade barriers and the technical barriers? Is it just a case of needing more resources, or is there something more that the government can be doing on that issue?

**Ms. Claire Citeau:** Overall, when technical barriers come up, they are handled directly by the CAFTA members who are facing these issues. It's not a CAFTA activity. It's not something that we work on.

I'd like to add that overall, the communication with our negotiators, officials, and those who handle trade issues is good. There is information that industry provides to the market access secretariat and the government trade negotiators. What may be improved is that at times there seems to be, in certain areas—and it's not across the board—a lack of appreciation for what the industry goes through and how dependent our farmers and producers are on trade. That may transpire into a lack of action or timeliness of response. It can always be improved upon.

**Mr. David Anderson:** Go ahead, Mr. Everson.

**Mr. Jim Everson:** I would add that I think it is a little about resources, as I indicated in the presentation, especially around science and technical issues.

The other thing I would stress is that Canada can really help in a leadership role, by ensuring that our major science-based international organizations are well funded and working better than they are. We need to have international protocols for dealing with some of these SPS issues—the International Plant Protection Convention, the WTO, the Codex. In the case of maximum residue levels—residues on grains going from one country to another—what's happening at the moment is that countries can impose import limits on those residues, so it's an important element. Rather than having one country have this system and another country that system and a proliferation of different maximum residue levels in every country, we need to bring the scientists together. These products are no different. The science in one country is no different from the science in another country. Why don't we have a single, effective international organization that sets an MRL that all import countries can get behind? That would be huge for us.

**Mr. David Anderson:** Ms. Citeau, do you think the TPP can succeed if the U.S. chooses not to participate? You mentioned that a number of countries have brought it forward to legislatures for

approval. I think we would all like to see it go ahead. Can it go ahead without U.S. participation? If not, are bilaterals the only alternative to that?

**Ms. Claire Citeau:** I don't want to speculate about what will happen and I don't have a crystal ball, but in its current form the TPP needs both the U.S. and Japan to go ahead. That said, who knows? The 11 TPP countries could negotiate something on the side on their own, and maybe give two, three, or four years to the U.S. to join when they are ready to do so.

I think we want to have Canada send strong signals to some of its key trading partners, and Japan, in the TPP, is one of them. Japan is our third export market and a high-value market. The EU is negotiating free trade agreements with Japan, Vietnam, and Malaysia. Some of the other TPP members—Australia is one of them—already have a bilateral agreement with Japan. The more we wait, the more we fall behind.

**Mr. David Anderson:** Okay.

Mr. Everson, you talked about the strength of the American infrastructure in the soy industry. Are there some things that Canada can help with for the infrastructure? Is that the role of the APF? What are the infrastructure needs? Are they agronomic, more varietal development, transportation, or processing? What kinds of things does your industry need? Is the APF the vehicle for providing that?

• (0915)

**Mr. Jim Everson:** Yes.

**Mr. David Anderson:** How much would it cost?

**Mr. Jim Everson:** We compete in the soy bean sector directly with the U.S. The numbers come from my counterpart in the United States, the United States Soybean Export Council, which grows 110 million tonnes of soybean, so they're much larger. They have \$12 million in support coming directly from the federal government for market access work and market promotion work. Overall, they have a budget of \$42 million. They have a presence in 70 countries, where they have staff on the ground who are dedicated to the U.S. Soybean Export Council. We compete directly and well with U.S. exporters, but we find ourselves fighting against that kind of institutional power everywhere.

Yes, I think APF does do it. The support they provide for market access work, such as the AgriMarketing program, is the right answer that helps us—

**The Chair:** Thank you, Mr. Everson. We'll have to move on.

[Translation]

Thank you, Mr. Anderson.

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

**Mr. Pierre Breton (Shefford, Lib.):** Thank you, Mr. Chair.

I also want to thank our witnesses. It is a pleasure to see you here again today.

Ms. Citeau, you spoke at length about the dependency of the agri-food and agriculture sector on international trade. You presented some impressive figures. You said there had been a 103% increase in the value of exports. They represent \$61 billion, which is really a large sum. In addition, you said that one job out of two in the agricultural production sector depends on exports. There are some free trade agreements coming, such as CETA and the TPP.

I see these agreements in a positive light personally, but I would like to know how the industry is going to manage to export more.

How is Canada going to produce more to satisfy global demand?

**Ms. Claire Citeau:** In this area, Canada has abundant natural resources. Also, many enterprises are not functioning at full capacity. The important thing is to have access to markets so as to allow businesses to determine which ones are more advantageous for them, and what products they can export to which countries. We have the capacity to produce.

**Mr. Pierre Breton:** What do we have to do to get there?

Do we have to cultivate more farmland, increase our productivity, or our ability to compete?

How can the government be a partner to industry in this context?

**Ms. Claire Citeau:** I think that the members would be in a better position to answer these questions, especially as concerns their sector. Generally speaking, I would answer yes to everything you mentioned. This involves productivity, research, innovation, access to markets and the resolution of market access problems.

**Mr. Pierre Breton:** You said—and Mr. Anderson spoke of this briefly—that a priority list of more than 300 barriers to foreign markets had been drawn up.

Can you speak to us about the two or three most important barriers mentioned by Agriculture and Agri-Food Canada to date?

[English]

**Mr. Jim Everson:** To answer your other question, first of all, we tried in our opening statements to talk about priority areas where government can provide support, particularly on market access issues, because government negotiates trade agreements and government has the institutions that can reach out, such as the Canadian Grain Commission, Agriculture Canada, and so on. Those are really important roles. We can grow the crop, we have the most competitive farmers in the world, we have really great research support, but we need access to markets.

Among the market access issues, at the top of the list would be the maximum residue level issue that comes up from time to time when a country imposes a limit that is lower than we have in Canada. That can make it difficult for our exports. Then there are approvals of biotechnology products, such as seeds that have been cultivated in

Canada with the assistance of genetic modification. Those products need to be approved in export countries. The processes for approval are sometimes very slow and difficult.

Then there are a number of issues that come up with respect to sanitary and phytosanitary standards when a country is applying standards in a way that Canada doesn't agree with. There needs to be discussion between our various scientific agencies. The whole issue around canola has been an example, and it has threatened billions of dollars of Canadian trade.

• (0920)

[Translation]

**Mr. Pierre Breton:** Mr. Everson, there is a new priority sector: the environment. Do you think that that priority should be included in existing programs? If not, should it have its own program? Please give me your opinion on this.

[English]

**Mr. Jim Everson:** From an agricultural policy framework point of view, it's a relatively new area. It wasn't a big part of the Growing Forward 2 set of programs, as I see it.

I think we as a nation are going to be contributing to the global effort on climate change. It's going to require change on the part of many industries, including agriculture, since the farming community is a big user of carbon. Those programs can help the farming community adjust to the changes that are going to be necessary to meet the standards we as a country are agreeing to internationally.

[Translation]

**The Chair:** Thank you, Mr. Breton.

Thank you, Mr. Emerson.

Ms. Brosseau, you have six minutes.

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

I want to thank the witnesses who are here today for contributing to our study on the future of the Growing Forward program—I don't know what it will be called, but it will have a name. It is very important that we improve the content of that program.

During the election campaign and afterwards, the producers I represent shared some of their concerns concerning the supply management program, and so on. The two presentations we've heard raised some very similar points.

Ms. Citeau, you spoke at length about the Canada-European Union Comprehensive Economic and Trade Agreement. I represent an area where there are a lot of dairy producers under supply management. Those producers are incurring losses because of this agreement. As for the pork producers, they see some light at the end of the tunnel and are somewhat optimistic about this agreement, because it will be possible to export certain products such as pork and ham. However, those producers are going to have to do several things to be able to have access to those markets.



As for the beef sector, there are several bones of contention concerning the washing of carcasses. Have you calculated how much it will cost producers and processors to have access to markets under this agreement between Canada and Europe? Has a study been done? Has this been quantified?

**Ms. Claire Citeau:** The evaluation we have concerns what the European market could provide to the beef and pork sectors, as well as other sectors, under the agreement between Canada and Europe. At the time when the agreement was finalized, the amounts were \$600 million for the beef sector and \$400 million for the pork sector, if, of course, the conditions allow exporters to have real and viable access.

● (0925)

**Ms. Ruth Ellen Brosseau:** Modifications are going to have to be made to some processing plants. To facilitate access to markets, the way in which certain animals are raised will also have to be changed.

Do you think we need to offer assistance to producers to allow them to change their practices so that they can have access to these markets?

**Ms. Claire Citeau:** I think our members are in a better position than I am to answer that question. Since one of them is going to be speaking soon, it would be preferable to put the question to him directly.

**Ms. Ruth Ellen Brosseau:** In your presentation, you insisted on the importance of having the necessary resources. You spoke about those involved in the negotiations, such as Agriculture and Agri-Food Canada and Global Affairs Canada, as well as the date when the commercial agreements will come into effect.

In your opinion, we do not have the necessary financial resources, nor are sufficient people working in these areas. It is going to be difficult to quantify this. We have to know what the real needs of these departments are, and ensure that the necessary funds are there for the work to be well done.

**Ms. Claire Citeau:** Yes, that is very true.

It is important that we have enough resources and negotiators. There is already a very solid team. We are also discussing working on new agreements with China, the ASEAN region and India. It will indeed be important for these resources to be available when these agreements are negotiated.

[*English*]

**Ms. Ruth Ellen Brosseau:** Mr. Everson, I would love to have been with you in China. I was supposed to go, but family comes first. I backed out on that trip, but I've only heard good things.

I know Canada exports a lot of soy; 70% is exported. I think we export the most to China. Would you be able to share with the committee how things went on that trip in Beijing and Shanghai, and maybe talk about some of the issues that you noticed, and some of things that need to be worked on and could be done through this new agricultural policy framework?

**Mr. Jim Everson:** Thank you very much.

About 25% of what we export in soybeans goes to China. It's a really important market for us. We're indebted to the government and the minister for leading this mission to China. It's an important

market to go to, and being there with the minister and the delegation is helpful in getting meetings that we need and so on.

China is such an important market for many agriculture commodities, and yet it is such a different place culturally. It is different from a business practices point of view and in the structure of industry, the structure of their trade agreements, and their approach to issues such as sanitary and phytosanitary standards. Because of the importance of the market, it's a place where I think we need to be able to focus dedicated resources. We have good staff at the embassy in Beijing, but a large number of agriculture commodity groups in beef, grains, oilseeds, and vegetables are all attempting to get issues resolved in China.

**The Chair:** Thank you.

**Mr. Jim Everson:** It's a place where it's very difficult to understand how decisions are made. That would be my answer.

**The Chair:** Thank you, Mr. Everson.

[*Translation*]

Thank you, Ms. Brosseau.

[*English*]

Now we have Ms. Lockhart for six minutes.

**Mrs. Alaina Lockhart (Fundy Royal, Lib.):** Thank you.

A lot of our witnesses have talked about the great growth that they've seen over the last several years in the export area. To what do you attribute the growth that you've seen in exports? Is it related to the existing agricultural policy framework? Are there things in there that have contributed to the growth of our exports?

● (0930)

**Mr. Jim Everson:** I would say two things. I'd say that international demand for some of our products is really growing, so that's driving the market, but I would also say that innovation is growing as well.

Taking the example of our food-grade export market, our niche in the market is quality. Other countries have volume. Canada has consistently high quality. That has benefited—there's no doubt about it—from the public research money that's been going into the development of varieties. It has helped our export companies in their relationships with buyers. They can target what they require in the way of product composition. The product they need for tofu is different from what they need for soy milk, which is different from what they need for natto. We're very good at tailoring these products to export markets and maintaining high quality.

At the Canadian Grain Commission, we have a quality assurance program called the Canadian identity preserved recognition system. It is unique in the world in terms of guaranteeing quality internationally, and our competitors can't really compete with it.

That's not an APF program, but it is a Government of Canada initiative. It's been very supportive of our markets.

**Mrs. Alaina Lockhart:** Madame Citeau, do you have something to add to that?

**Ms. Claire Citeau:** I would just add international demand and having access to markets.

**Mrs. Alaina Lockhart:** Okay. With regard to international demand, in what geographic area are we seeing most growth?

**Mr. Jim Everson:** That would be Asia, for the most part. What's very exciting about the work that we're doing with CAFTA and the TPP and so on is that so many Asian countries are interested in joining with the TPP. Now there are several that are involved, other countries like South Korea, Indonesia, etc. You know the list better than I do. If we can bring those kinds of trade disciplines to the current TPP membership and then add those other...

In South Korea, for example, while we have a free trade agreement, there are also still significant quotas that restrict the amount that we can sell there. If South Korea came into that TPP environment, it would have to amend those quotas over time, and Canada would have a real opportunity to compete in that market.

**Mrs. Alaina Lockhart:** In the soy industry, is there a need for investment in processing infrastructure at this point? What is our capacity now? Is that somewhere we should be looking?

**Mr. Jim Everson:** We are very hopeful that there can be some investment in western Canada in processing.

There are three significantly sized processing facilities in eastern Canada. Two are in Ontario, and one is near Trois-Rivières, Quebec. That's really good. They are doing well. Their crush is up this year from previous years, and it's a value-added process. Instead of marketing the seed, you're marketing meal and oil, which have a higher value. It's part of this initiative around value added—more processing is good.

This is the story in western Canada. In Manitoba we have nearly 2 million acres of soybeans grown now. I think everybody in the industry looks at that and thinks that it's a pretty large amount and that it's the base for constructing a processing facility in western Canada, something we don't currently have. There is a natural market in the livestock industry there for the meal.

In terms of the need for investment, I think probably that type of investment is going to come from one of the large processing companies and not from public assistance. In terms of attracting foreign direct investment, there may be an opportunity there.

**Mrs. Alaina Lockhart:** You mentioned the west. I represent Fundy Royal in New Brunswick, so I would be remiss if I didn't ask about the potential in Atlantic Canada, based on the fact that we have port facilities there and access to India, for one.

**Mr. Jim Everson:** I don't have acreage in mind right now for soybeans in Atlantic Canada, but they are grown in all the Atlantic Canada provinces. There is real opportunity in going to ports that are close by. In Ontario, that's the story of the competitive advantage. You can truck almost all the soybeans in Ontario and Quebec directly to a port in Montreal or Hamilton, so it's very quick access. The same is true in Atlantic Canada.

I think the challenge in Atlantic Canada has been finding varieties that are suitable to the climate and the soil. Finding answers to that is a priority in terms of our research. Again, the public research outlets are working on that. The research and innovation support that the APF provides is doing exactly that. It's getting varieties that work in different conditions in Canada.

● (0935)

**Mrs. Alaina Lockhart:** Thank you very much.

**The Chair:** Thank you, Ms. Lockhart.

Now we have Mr. Longfield for six minutes.

**Mr. Lloyd Longfield (Guelph, Lib.):** Thanks, Mr. Chair.

Thanks to both of you for being here.

I want to focus on where the new agricultural policy framework could help on a specific issue.

We're going to be hearing from the Cattlemen's Association in the next round. Guelph has Cargill as a processing plant, and there's a big potential for growing our beef market. Soy is used in beef feed. Could you comment on how the policy framework could help us to build the herd if we invested in the right way through soy? What do we need to do from a trade aspect to be able to move product to market using a new framework?

I'd love to see Cargill go to....

**Mr. Jim Everson:** I've talked about the development of varieties that suit specific agronomic conditions in Canada and specific end user requirements in our markets. The same is true on the feed side, where you're looking for digging deeper into how a protein product like soybean performs in different species. What can you do with that product to improve its performance in cattle or in poultry? Those things are different. How can you extract components of the product and make it part of a feed compound?

There is research going on in this area in the United States and some in Canada, but the quality of the feed component in our product is an area where we can definitely improve.

When I look at the food processing component of the agricultural policy framework, my recommendation would also include feed processing, because we are a leading industry in compounding feed, and we can develop more value added and more sales by using science in that area as well.

**Mr. Lloyd Longfield:** Right. Thank you.

Go ahead, Madame Citeau.

**Ms. Claire Citeau:** From a trade perspective, I will echo the comments made earlier on having Canada take a leadership role in ensuring there is international recognition of standards and science-based decision-making at the international level. This is critical to ensuring that our negotiators and those working on market access issues have the resources to address these issues and negotiate free trade agreements in a timely manner and help us go after the markets that our competitors are also going after.

**Mr. Lloyd Longfield:** Thank you.

You mentioned CFIA, and there's been a concern, without my having a lot of evidence, with CFIA's role in helping us to develop export markets. Maybe to a point Mr. Anderson made, training CFIA people and possibly increasing staff all come at a cost.

Could you give us any further input on CFIA and its role in the new policy framework? How might we be able to enhance its role?

**Mr. Jim Everson:** Mr. Anderson is right about costing things out and making priorities clear. I understand that point, and I don't know the CFIA environment really well in terms of how resources are allocated within it. We see there is a very important issue around domestic safety and so on, and CFIA largely does that, but with these new.... It's not tariffs that are the big issue in trade now; it's these SPS issues.

Tariff is really simple. You either pay it or you don't. You get rid of it or you don't. SPS issues occur when one country says this pest is coming from Canada and it's a danger to their market. Canada disagrees, and then there's all this discussion about who's right and how you do the science around that. It is critically important that we have scientists who are credible and also attached to our national organization responsible for that.

Agriculture Canada is going to be out there trying to sell Canadian products, and we expect that, but our regulator has a different role there, and that's science-based. We find there are so many of these circumstances coming up these days. The whole canola thing we have heard about in the media recently is a great example. That's just one out of hundreds and hundreds of those situations that we have these days.

• (0940)

**Mr. Lloyd Longfield:** Thank you.

The Ontario Agri-Food Technologies group is bringing a lot of these issues forward as well. I think we were both at a round table in Guelph. We talked about sectors and sector councils. Could you comment on sector councils in terms of developing a new framework or new trade?

**Mr. Jim Everson:** We have the round tables that Agriculture Canada supports. Canada is part of the grains round table, and it's an excellent organization, again because it's a collaborative thing. You have government and industry there and you can talk through all the common issues we have, such as sustainability, labelling, and a whole variety of different issues. It works extremely well, and it's important, I think, in designing the agriculture policy framework to keep in mind that you can fund organizations to do something, but those organizations also have to work with the Government of Canada in implementing them. There's an alignment issue there, and those councils work well to generate that collaboration.

**Mr. Lloyd Longfield:** They multiply investment.

**Mr. Jim Everson:** Yes, absolutely.

**Mr. Lloyd Longfield:** Great. Thank you.

Unfortunately, it looks like we're out of time. Thank you so much to both of you.

**The Chair:** It's just about time, and I think that we will wrap up. Unfortunately, we're getting close to the hour.

I want to thank both Madame Citeau and Mr. Everson for appearing and providing interesting input. We will certainly take it into consideration for our report. Of course, as Mr. Anderson said, it's always about the dollar sign, but we hope to invest it at the best place, and I know you're right at the top of that list.

Thank you. We'll break for a couple of minutes and come back with the other group.

• (0940)

\_\_\_\_\_ (Pause) \_\_\_\_\_

• (0945)

**The Chair:** I want to welcome Mr. Norm Beal, from Food and Beverage Ontario. Thank you for appearing this morning.

Also, from the Canadian Cattlemen's Association, we have Dan Darling, the president, and Andrea Brocklebank, executive director. Welcome to both of you.

We will get started.

You can start, Mr. Beal, for up to 10 minutes.

**Mr. Norm Beal (Chief Executive Officer, Food and Beverage Ontario):** Thank you, Mr. Chair, and thank you to the members of the committee for inviting us to appear here today.

My name is Norm Beal. I am the CEO of Food and Beverage Ontario.

Today I want to talk to you about FBO's mandate and provide some information and perspective to contribute to the development of the next agricultural policy framework. Then I look forward to answering any questions you may have.

Food and Beverage Ontario represents the food and beverage processors in Canada's largest province. Our mandate is to promote and support our industry in Ontario, across Canada, and increasingly around the world.

For decades, our members have contributed to local economies and communities across Ontario by building companies, creating jobs, and supporting primary agricultural industries, but even more exciting is our ambitious plan to grow even further. By 2020, we want to increase our relative importance to Ontario's economy and hire many more people. Our target is 60,000 jobs. We want to continue to be the number one customer of Ontario's primary agricultural industries. We want to be on the cutting edge of innovation, not just in the agricultural sector but in Canada's economy. We want to play a leading role in ensuring that the food Canadians eat is healthy and safe.

It is in this context, proud of our accomplishments and motivated by providing a more prosperous future, that we find ourselves here today. We believe FBO can play an important part as you chart the path forward for Canada's agrifood industry, not only in Ontario but in every province and territory.

The food and beverage processing industry in Ontario and Canada is a very large and, frankly, undervalued industry. I know that members of this committee are strong supporters of the agriculture and agrifood industries in their ridings and across Canada, but many Canadians and policy-makers at every level of government do not understand the scale of the contributions food and beverage processors make. An ambitious agricultural policy framework that strengthens our vitally important sector will support and create middle-class jobs in your ridings and all across Canada.

Before I talk a little bit about the policy direction Food and Beverage Ontario believes would most strengthen agriculture and agrifood in Canada, I want to touch on a few pieces of data that I think tell an impressive and surprising story.

More than 130,000 Ontarians work for Ontario's food and beverage processors. This is more than the entire population of Guelph. It's the largest manufacturing employer in Canada, bigger even than aerospace or automobiles. In fact, more than 250,000 Canadians are employed by the food and beverage processing sector. That is more people than all the voters in the ridings of the chair and the two vice-chairs here today.

Food and beverage processors export their products to more than 190 countries and have for decades had one of the most favourable balances of trade of any sector in the Canadian economy. There are 6,500 businesses in Canada in our industry, ranging from large global firms to small entrepreneurs just getting started.

While the numbers are compelling, the stories of the people and organizations in our industry tell even a better story. Let me share just two with you.

Almost 20 years ago, Mr. and Mrs. Hans immigrated to Canada from India. Together they founded Hans Dairy, which specializes in South Asian dairy products. They sought to create authentic Indian products and seized upon the opportunity to do just that. Though they started by serving the growing Asian communities in the greater Toronto area who had welcomed them so warmly, Hans Dairy has grown tremendously. Now they provide their unique selection of products all across Canada and are looking for major export opportunities. For example, they were the first to sell dahi in Canada, an Indian style of yogourt, and now they offer a full line of flavoured yogourts that appeal to a variety of palates.

Now I'll talk a little bit about corn-fed beef. It's timely that we're here today with the Canadian Cattlemen's Association. The Ontario Corn Fed Beef label has become one of the most well-respected and recognized beef certification marks in the marketplace.

Ontario's beef producer and processing sector is growing inside Canada and in markets all over the world. Most recently, the sector has made enormous gains in Asia and the Middle East. This success is founded in product excellence; collaboration among producers, processors, retailers, consumers, and governments; and a bias towards exporting our products.

● (0950)

The term "value-added" often has a general meaning of making something better, but Ontario's corn-fed beef processors add value in the strictest economic sense. They take a product and through their

efforts produce a new product that is sold at a higher value, thereby increasing incomes for everyone involved.

Both of these stories show how Canada's entrepreneurs in the food and beverage processing industry generate economic activity and middle-class jobs by meeting the increasingly complex demands of Canadian and global consumers. They are Canadian success stories enabled, in part, through partnership with government.

Rather than outlining specific policy, at this point I want to spend my last few minutes underscoring FBO's support for the Calgary Statement. Each of the principles in the statement is laudable, and FBO not only supports them rhetorically but in practice as well. Our organization and our members all have important initiatives under way to help achieve the goals we all share.

Of particular importance are the following three principles from the Calgary Statement: markets and trade; science, research and innovation; and public trust. Canada's food and beverage processors are exporters and innovators, but like you, our ambition for our industry and the men and women who work in it is not to maintain the successful status quo, but to grow it. Trade and innovation are surely two keys to accomplishing our shared future success, as the corn-fed beef sector has shown.

I want to spend a moment discussing public trust.

You were all duly elected by the voters in your ridings, ridings that touch every corner of our country. You, more than anyone, know that our government and our democracy are founded on a very simple concept—trust. Similarly, FBO's members help to feed Canadians and, in fact, people all over the world. There are few parts of our economy where trust is more important than in producing the food that feeds our families.

While both government and food production rely on the public's trust to operate effectively, both are also under threat. There are more voices, many of which are critical, challenging how and why we produce food. Though some criticisms are harmful and wrong-headed, many are reasonable and well founded.

Food and Beverage Ontario strongly supports strengthening the public's trust in food and beverage processing and expanding the way in which stakeholders and the public are engaged, as proposed in the Calgary Statement.

Last, and perhaps unsurprisingly, we strongly support the inclusion of food and beverage processing as a priority area, as outlined in the Calgary Statement.

Like us, Canada's government is committed to supporting our industry, because the benefits to Canadians run so broadly and so deep. We believe—and the Calgary Statement supports the belief—that processors are indeed a strategic asset and a vital and dynamic driver to the future prosperity of Canada's agricultural sectors. We hope to see this support reflected in the next agricultural policy framework.

I began by saying that FBO believes our industry is a strategic asset to Canada's economic prosperity. Our success must be shared between government and industry, and even more importantly, between our industry and Canadians. We are employers, innovators, producers, and consumers. We look forward to working closely with the members of this committee and indeed with government decision-makers all across the country.

Food and Beverage Ontario believes that together we can chart an ambitious course for our industry and the millions of Canadians who depend on it for their livelihoods and the food they serve their families every day.

Thank you. I look forward to your questions.

• (0955)

**The Chair:** Thank you so much, Mr. Beal.

Now, Mr. Darling, you have up to 10 minutes.

**Mr. Dan Darling (President, Canadian Cattlemen's Association):** Thank you for the invitation to speak to you today.

My name is Dan Darling. My family and I farm and raise cattle near Castleton, Ontario. I am currently president of the Canadian Cattlemen's Association.

On behalf of Canada's 68,500 beef producers, we are pleased to share our priorities for the next agricultural policy framework. With me today is Andrea Brocklebank, executive director of the Beef Cattle Research Council division.

The beef cattle sector is one of the largest generators of farm cash receipts in Canada. In 2015, the cattle industry generated \$10.5 billion in farm cash receipts, up 7% from 2014. Global demand for high-quality beef is increasing, and we produce the best beef in the world right here in Canada. We are also leading the world in our sustainability efforts.

The CCA has been actively engaged in the national APF consultations and will continue to collaborate in this policy-making process. Our overarching recommendations are that the programs under the next APF be finalized for a seamless rollout on April 1, 2018, and that the program delivery be simplified and approval processes be more transparent and consistent.

A high priority for the beef cattle sector is to ensure that the next APF enhances our competitiveness in both international markets and here in Canada. This will require a strong emphasis on research, science, and innovation. Industry and government have a shared responsibility for research that contributes to the competitiveness, innovation, and sustainability of the beef cattle industry. Research is integral to providing science-based information to support consumer confidence and to ensure Canada's beef industry is globally

competitive and able to take advantage of the current and emerging trade opportunities.

One of the most successful programs under Growing Forward 2 is the beef science cluster, and we feel strongly that it should be retained and expanded. It has encouraged increased industry investment in research and allowed the beef industry to fund a more comprehensive research portfolio that goes beyond focusing on producers' bottom line, including significant investments in areas like animal health and care, environmental sustainability, and antimicrobial resistance.

The cluster has also enabled the industry to take a leadership role in technology transfer to ensure research results are turned into technologies and tools that are adopted by industry stakeholders.

We have a few key recommendations to improve the cluster under the next APF.

First, streamlining and enhancing the timeliness of approvals, reporting, and financial claims could ease administrative burden and improve the research environment. Second, allowing for reasonable funding flexibility would allow for more effective use of research dollars. I know Andrea would be happy to elaborate on those afterwards.

I would also like to stress that government/industry leverage in support of research programming needs to remain at three to one. The industry has shown significant leadership in investing in research that has broader benefits to the public good beyond our sector. As well, largely due to the progress seen through the beef science cluster, Canada's beef producers are in the process of tripling national check-off investments in research.

We are concerned that reducing the leverage from its current three to one would penalize industry, discourage growth in industry investment, and negatively impact other planned research programming. This would be a perverse outcome for sectors that have undertaken great efforts to invest in themselves.

We are an industry that depends on trade, exporting almost half of our production. The ability to sell beef and beef by-products into the global market is crucial to maximizing the value of each animal produced in Canada. We estimate that almost \$500 per head of additional value is generated by selling a range of beef and beef offal products that are highly valued abroad.

It is paramount that the trans-Pacific partnership agreement be approved and implemented, or bilateral negotiations with Japan be completed as quickly as possible, so that we can reclaim Japanese consumers lost to Australian beef, which enjoys lower tariffs in that market due to their FTA with Japan.

•(1000)

We also want to see resolution of technical barriers to Canadian beef in Europe, and then have CETA come into effect. We request the beef sector be given equivalent consideration, as others have been provided, regarding transitional investments to compete under CETA.

Often issues arise once the various trade agreements are implemented. That is why we advocated for the creation of the agricultural market access secretariat. Under the next APF, we ask that the agricultural market access secretariat be fully funded to pave the way for Canadian agrifood exports.

We also ask that there be sufficient funding to support incoming missions of foreign government food inspectors. This is often a prerequisite to export approval.

The next area I would like to focus on is business risk management. CCA believes that there need to be sufficiently funded national agriculture risk management programs that are delivered consistently across all jurisdictions and do not create a competitive imbalance between agriculture sectors or regions. Programs should minimize the risk of adverse impacts on international and interprovincial trade, minimize the distortion of market signals, and minimize influence on business decisions.

CCA also supports some flexibility in government's contributing to regional and provincial livestock insurance programs, assuming the overall level of support is even across the country and the programs are market neutral.

AgriStability has helped to mitigate fallout from risks occurring, although well after the fact for many producers. The individual details and whole-farm aspects are important, but improving the transparency of calculations still needs work, and program payments need to be delivered in a more timely manner.

CCA believes program caps should be eliminated. Caps on AgriStability payments and all BRM programs discriminate against larger operations. These operations in most cases grew because of competitive operating practices. These large operations contribute significantly to rural employment and prosperity. Caps should be removed so that all farm business structures are treated equally and are on a level playing field.

The western livestock price insurance program pilot is a forward-looking, market-based, insurance-style program that allows producers to manage price risk. The WLPPI pilot should be made permanent under the next APF. Expanding this price insurance program beyond the western provinces would positively contribute to a national plan that would allow Canadian producers to better manage price risk.

Improved hay and forage insurance across the country is also needed, including a mechanism that helps producers account for increased feed prices during times of shortages. This could alleviate calls for an AgriRecovery response to weather events.

On the APF's environmental sustainability program, CCA encourages government to support ranchers' conservation actions through funding and further development of ecological services and agri-environmental programs. Programs such as these promote

natural resource conservation, improve the environmental health of Canada's landscape, and build resiliency into the agriculture sector. These programs will be most successful if they are incentive-based, community-delivered, and voluntary.

The beef industry recognizes the importance of public trust, and it has launched its new Verified Beef Production Plus program that focuses on verifying the good practices farmers use in animal care, biosecurity, environmental stewardship, and on-farm food safety. The VBP+ provides Canadian and global beef consumers the confidence that Canadian beef products are safe, high quality, mindful of animal welfare and the environment, and truly sustainable. Under the next APF, we ask that the funding for the implementation of national industry on-farm verification programs be maintained.

We also stress a greater coordination and consistency of funding outcomes as necessary at a provincial level to ensure alignment with national programs.

•(1005)

In closing, I would like to say that agriculture is well positioned as a strategic growth sector in the Canadian economy. A forward-looking agricultural policy framework and a competitive business environment are key to the Canadian cattle industry to continue to be more innovative and sustainable and to capitalize on the marketing opportunities around the world.

Thank you for the opportunity to present, and we look forward to your questions.

**The Chair:** Thank you, Mr. Darling.

We will start our questioning round.

Go ahead, Mr. Shipley, for six minutes, please.

**Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC):** Thank you, Mr. Chair, and thank you to the witnesses.

I think it's so significant that we have had the processing industry and the food and beverage industry and those manufacturers that are in the value-added part of the agriculture industry, as Mr. Beal mentioned. I think we learned so much.

One of the things you touched on, sir, was public trust. I appreciate that, because it's one—

**The Chair:** Mr. Shipley, I think we have bells ringing now. If it's the consent of the committee, we're right in Centre Block, so we could take 15 minutes. Are we all okay with that? Is everybody agreed?

Okay. Thank you.

**Mr. Bev Shipley:** I think I just got cut.

It's the public trust issue, and part of that comes from a number of areas. Stats Canada will tell us that the agriculture industry, with its primary producers, is one of the most respected professions in Canada. What seems to be developing, though, is that the products we are producing are coming under higher scrutiny. That's being driven by extreme environmental groups and extreme animal rights groups saying that despite all the science and research we're funding and all the innovation the industry is bringing along, nobody trusts it.

We're seeing a bit of that maybe with CETA. The beef industry is having a little trouble with the technical barriers of getting it in. It's more than a little trouble. These sorts of things become a huge challenge.

Dan or Andrea, talk to me a bit about the concern of whether we have the same standards for the products that would be coming from Europe into Canada that we have with Canada's standards, which I think are likely higher, going into Europe and into the CETA agreement, and how we're being challenged on a technical barrier.

How do we overcome that, and what makes that right? That becomes a non-trade tariff barrier, to my mind.

**Mr. Dan Darling:** I agree 100%. That's exactly what it is.

Our Canadian products are overwhelmingly much safer than the European products. The technical issues that we are being stopped on in trying to gain access into Europe just make our product a lot safer.

It stems from the fact that in Europe their mentality is that consumers should make sure their products are safe. To make sure they don't get sick, they should cook their meat to the point where there are no bugs that would affect them. In Canada, we believe it's industry's responsibility to make sure that the products we put out there are safe for everybody.

Yes, I think it's completely a trade issue. It doesn't have anything to do with the safety of our product. While we're on the topic, though, I would like to say that since we deem our products to be so much safer, we do want to make sure that any product that is coming into Canada is fully tested so that none of our citizens gets sick from a product because of that.

**Mr. Bev Shipley:** Are resources a concern now?

• (1010)

**Mr. Dan Darling:** That would be a CFIA thing. They would have to answer that question. I don't know if they have the resources to test the beef and the veal that have now been approved to come in here or not. It's certainly a concern.

**Mr. Bev Shipley:** Can you talk a bit about one of the new ones, which is the discussion around the environment and climate change? One of the things I've always talked about is that the agriculture industry doesn't get the credit for what it has done. I get concerned when people say agriculture owes the environment. I think the environment owes agriculture for the improvements we do for the environment and in greenhouse gas emissions and all that.

Can you talk to us a bit about the changes the beef industry has done in improvement, because the consumer won't have any idea about that?

**Ms. Andrea Brocklebank (Executive Director, Beef Cattle Research Council, Canadian Cattlemen's Association):** I can answer that quickly.

We've done a lot of research, most recently to put science behind our environmental footprint. That work has shown that over a 20-year period we've reduced our environmental footprint by 15%. That's innovation. It's improved animal health, improved feed efficiency through using fewer resources and less water, and producing less manure. We're excited to know we can continue to reduce that environmental footprint.

The other part of the conversation you're speaking to is the fact that we use a land base that, in many cases across Canada, can't be used for any other production than forage. It can't be tilled up. We're converting that fairly low-quality feed into a high-quality product that consumers can consume. While we're doing that, we're contributing to biodiversity, carbon sequestration, all those other positive things. A lot of the research we're doing now is to quantify that. We've been saying it for a long time, but you have to put science behind it.

**The Chair:** Thank you, Ms. Brocklebank.

Time is precious, so we'll move to Monsieur Drouin for five minutes.

**Mr. Francis Drouin (Glengarry—Prescott—Russell, Lib.):** Thank you, Mr. Chair.

I want to thank the panellists for being here. I really appreciate it.

Andrea, I'm just going to build on what Mr. Shipley asked. Do you want to end your comments on quantifying the science behind the—

**Ms. Andrea Brocklebank:** We know that one of the biggest things we have to do is continue to improve productivity. The population in the world is growing. Canada has a really strong land base and resource base. If we can be a leader in production, we have a strong global position in that. Other countries don't have the same resources.

However, we need to produce more per animal and more per acre, and that's where the access to technologies and the public trust issues are important. Those technologies are what allow us to do that in a sustainable manner. Ironically, that's where consumers sometimes get confused.

With that, one thing we've found with the science, which I think is important, is that scientists can do a lot. They have a lot of credibility. The ones who have the most credibility are our producers. We're finding that you can give the science to your young producers especially and tell them to talk to consumers. Some of the programming we've done is in enabling producers to talk to consumers, because producers resonate far more than anybody else.

**Mr. Francis Drouin:** Are you collaborating with other partners? For instance, I know that in my riding there is a partnership between a beef producer and Ducks Unlimited. It's a farm that has 200 cattle. They've created this partnership over wetlands. Now they're working on quantifying how much carbon sequestration is happening on that particular land. I recall that when Ontario moved to regulate some of the wetlands on some of the farmers' lands about 10 to 15 years ago, it was seen as government overstepping its borders. Right now, it truly is a good story, with both organizations, the producer and Ducks Unlimited, working together. It's good for the producer and it's good for the environment at the same time.

Do you collaborate with them?

**Ms. Andrea Brocklebank:** That speaks to the point about incentives-based programming whereby you work with partners like Ducks Unlimited. Another major partner is World Wildlife Fund. They've come to the table with industry and are working together in trying to find solutions. Regulation doesn't always work to encourage producers to do these things. There's a huge critical habitat for important wildlife species, but we have seen very successful programming when we are working with those NGO partners and also working with government.

Producers have an incentive to maintain these habitats anyway, and if we can encourage greater... I know that in Alberta the alternative land use services program has done a very good job of improving these sensitive areas. Those types of programs, along with partners like Ducks Unlimited and all these other ones, are where our industry is very much shifting, especially in the last five years.

•(1015)

**Mr. Francis Drouin:** I want to touch on market or non-trade barriers.

We've heard from the previous witness that the market access secretariat is working on over 300 non-trade barriers, and the list, she was saying, is probably even bigger. To me, 300 is having no priorities. How do you interact with that particular section of that department? Do you believe there's a lack of resources? Should there be more resources in that secretariat?

**Mr. Dan Darling:** Certainly I would agree that there need to be more resources put toward that. The number of issues they're dealing with are issues they have to deal with. If there were more resources, there would be more help to deal with them and they could pinpoint more crucial ones to deal with. It's a cultural change. It's something new, so they have to work with it.

We are huge supporters of it. We think it's very important for moving ahead on trade. As we can see with CETA, all sorts of issues pop up.

**Mr. Francis Drouin:** You bring up a few issues. Does somebody get assigned to your files to work on those particular issues, or does it depend on which country the issues arise in?

**Mr. Dan Darling:** That's probably a good question. I'd like to know that information myself, because it's not made available to us.

**Mr. Francis Drouin:** Okay, great.

Norm, I loved your presentation. I only have five seconds, but I wanted to get your opinion on processors and whether or not the 5% threshold that is committed to within Growing Forward 2 is enough.

**The Chair:** Sorry. With that, we'll have to pass.

*Madame Brosseau, vous disposez de cinq minutes.*

**Ms. Ruth Ellen Brosseau:** Mr. Beal, would you be able to answer my colleague's question? It's also something I was really interested in, getting more information about the processing.

**Mr. Norm Beal:** Thank you very much. We feel really strongly. Not only are the food processors integral to the long-term wealth development of our primary agricultural fields, but it's the value added that we bring to the table. Processors take raw materials and make them more valuable, so we feel very strongly.

Possibly the largest manufacturing sector in the country feels very strongly that probably we don't, as I mentioned in my presentation, hold high enough weight in terms of how the funds through the agricultural policy framework are distributed. I think most people in the processing sector would say that we want to see a larger share of that. We don't necessarily want to take anything away from farmers, but we do believe that the importance of the sector and the ability for it to create jobs in the long term will be determined by how well the industry/government partnerships work and go forward in the future.

**Ms. Ruth Ellen Brosseau:** We hear often at committee about labour shortages and finding skilled labour, issues that have been going on for the last few years. In my constituency I represent a lot of agriculture, but I also have strong manufacturing. There are a lot of problems in finding people to work.

I know that you talked earlier about hiring more people and having 60,000 middle-class, great-paying jobs by 2020. How are you going to do this?

**Mr. Norm Beal:** That's a great challenge.

We consulted industry extensively a couple of years ago. The top issue for the food and beverage processing industry is attracting new people, new Canadians, young people, to the sector. The premier of our province launched the 120,000-job challenge several years ago. Sixty thousand jobs will come into the food processing sector, but if the folks out there who aren't trained or even excited about coming into the industry, then we have a real problem.



Food and Beverage Ontario launched a program last year called Taste Your Future. We went out and did a lot of research. Unfortunately for our industry, I think we've neglected trying to at least make our industry a little sexy and attract new Canadians and young Canadians into our industry.

The Taste Your Future campaign is all about reaching out. I'll tell you, it's going right back to junior high school levels, because nowadays that's where you need to start. You inform them about the great jobs that are in the industry. These are not just all plant floor-worker jobs. These are food scientists. They are product development people. They're tasters.

Actually, my second job is in the.... I own a winery in Niagara. You start talking to people about a winemaker or a craft beer maker, those sorts of things. Those are the new upcoming jobs that are coming into our sector, and people start getting really excited.

The first thing we have to do is generate some excitement around the industry, which is what we're trying to do with the Taste Your Future campaign. Then we also need to provide some major outreach to engage people in a discussion around the great careers in our sector.

• (1020)

**Ms. Ruth Ellen Brosseau:** Mr. Darling, do you want to comment about labour shortages, labour issues? I know it's going to be different on your side.

**Mr. Dan Darling:** There's nothing sexy about working on the kill floor, that's for sure.

Certainly our biggest issue is finding enough workers for our plants, and skilled workers. That's something that I think is forgotten. There is a skill to disassembling a carcass and doing it in the right way, so that the product is exportable and looks nice on the plate

when you go into your favourite restaurant to eat. It's a challenge that our packers are trying to work through.

The problem with the shortage of labour is that in a lot of these markets we're developing, we disassemble the product here and send certain parts of the animals to other places. If the plants don't have people to disassemble and make the specialty cuts, that means they have to decide whether they are not going to kill as many cattle that day or whether they are going to put people on the line to kill more cattle. They can't do both. The labour shortage is actually hurting our chances of taking advantage of some of these trade opportunities.

**Ms. Ruth Ellen Brosseau:** Absolutely.

Do you have any suggestions about how the committee can work with you and the industry?

**Mr. Dan Darling:** We need to keep working with the temporary foreign worker program. There are a lot of skilled workers who are coming in from other countries who have always worked well on our behalf.

I always say that in Canada we are fortunate enough to want better for our kids. That means that sometimes our kids don't do those jobs that we need them to do, so if we—

**The Chair:** Thank you, Mr. Darling. I guess we're out of time, unfortunately.

I want to thank the panel for appearing. It was very informative for our report.

[*Translation*]

Thank you, everyone.

[*English*]

On this, the meeting is adjourned.

---





Published under the authority of the Speaker of  
the House of Commons

---

### SPEAKER'S PERMISSION

---

Reproduction of the proceedings of the House of Commons and its Committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the *Copyright Act*. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a Committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the *Copyright Act*.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its Committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

---

Also available on the Parliament of Canada Web Site at the following address: <http://www.parl.gc.ca>

Publié en conformité de l'autorité  
du Président de la Chambre des communes

---

### PERMISSION DU PRÉSIDENT

---

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la *Loi sur le droit d'auteur*. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la *Loi sur le droit d'auteur*.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

---

Aussi disponible sur le site Web du Parlement du Canada à l'adresse suivante : <http://www.parl.gc.ca>