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CANADA

CANADA-UNITED STATES COOPERATION IN AGRICULTURE

Report of the Standing Committee on Agriculture and Agri-Food

**Pat Finnigan
Chair**

JUNE 2017

42nd PARLIAMENT, FIRST SESSION

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STANDING COMMITTEE ON AGRICULTURE AND AGRI-FOOD

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Parliamentary Information and Research Service

Frédéric Forge, Analyst
Khamla Heminthavong, Analyst

THE STANDING COMMITTEE ON AGRICULTURE AND AGRI-FOOD

has the honour to present its

SIXTH REPORT

Pursuant to its mandate under Standing Order 108(2), the Committee has studied Canada-United States Cooperation in Agriculture and has agreed to report the following:

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CANADA–UNITED STATES COOPERATION IN AGRICULTURE

Background

Canada and the United States have the largest bilateral trading relationship in the world: bilateral trade in agriculture and agri-food products totalled \$47 billion in 2016. The two countries also have a highly integrated agri-food supply chain.

With the establishment of a new U.S. administration following the November 2016 presidential election, the members of the Standing Committee on Agriculture and Agri-Food (the Committee) thought it was important for Canadian parliamentarians to meet with their U.S. counterparts and help to promote agricultural cooperation between our two countries.

A Committee delegation visited Washington, D.C., from 17 to 19 May 2017 to establish new working relations with U.S. legislators and share information on agricultural issues on both sides of the border. While in Washington, the Committee members:

- received a briefing by Canadian embassy staff on the political and economic situation in the U.S. as it relates to agriculture and trade;
- met individually with 18 representatives and senators as well as their staff;
- discussed Canada–U.S. agricultural trade issues with the staff of the Congressional Research Service at the Library of Congress;
- met the Acting Undersecretary of the U.S. Department of Agriculture (Farm and Foreign Agriculture Services);
- participated in two roundtables with research groups and representatives of the agriculture sector to discuss opportunities for agricultural cooperation between the two countries.

The Committee would like to thank the staff of the Embassy of Canada to the United States for their support during the visit, and all of the U.S. legislators and other people who took the time to meet with and talk to the delegation.

Topics of discussion

Discussions focused on topics of common interest, such as the extent of bilateral trade between the two countries, agricultural support policies and regulatory cooperation.

1. Importance of bilateral agricultural and agri-food trade

Canada is the main agricultural export market for 29 U.S. states, and 9 million U.S. jobs depend on trade and investment with Canada. North American [agri-food supply chains](#) are highly integrated: Canadian and U.S. agri-processing companies source and sell their products on both sides of the border. Cattle and hogs, for example, move relatively freely across the Canada–U.S. border for finishing and processing.

2. North American Free Trade Agreement

The Committee's visit coincided with a [letter](#) to Congress from Robert Lighthizer, U.S. Trade Representative, announcing President Trump's intention to renegotiate the North American Free Trade Agreement (NAFTA). Representatives from the agriculture sector met by the Committee wish to build on the success of the current agreement and update it to reflect changes in trade practices since it came into force in the 1990s. U.S. legislators also recognized the importance of NAFTA. Sonny Perdue, the new U.S. Agriculture Secretary, is also known as a free-trade advocate.

3. Agricultural support policies

Canada and the United States both have policies to protect certain products from foreign competition (such as sugar and peanuts in the United States). Some U.S. programs may undergo review when the next Farm Bill is studied in 2018, particularly the support program for dairy, which has not been very popular among producers.

On the issue of Canada's supply management system, U.S. dairy farmers have insisted that the creation of a new class of milk ingredient in Canada has excluded them from the Canadian market. The new class is the result of an agreement between Canadian dairy farmers and processors, and is not the result of government action. Canada has also not imposed any restrictions on dairy imports from the United States. In fact, a global oversupply of milk has caused a drop in farmgate prices, and U.S. farmers have continued to produce increasing amounts of milk in order to break even and meet the growing demand for milk fat. In the first nine months of 2016, 159 million pounds of milk were destroyed for a lack of buyers.

4. Agricultural cooperation

Canada and the United States have similar science-based, export-oriented regulatory approaches. Therefore, there is a solid foundation for increasing harmonization and cooperation to address third-country market access and promote the introduction of international scientific standards. There is also significant cooperation at all levels to encourage discussion: the collaboration between Canadian and U.S. livestock associations is a good example of industry-level cooperation that allows issues to be addressed quickly and trade irritants to be resolved. This cooperation was especially vital to resolving the trade dispute on mandatory country-of-origin labelling (COOL) for meat in the United States.

APPENDIX A: LIST OF INDIVIDUALS WHO MET WITH THE DELEGATION

Congress:

- Representative David Rouzer, Republican, 7th District, North Carolina
- Representative Rick Allen, Republican, 12th District, Georgia
- Representative Rodney Davis, Republican, 13th District, Illinois
- Representative Stacey Plaskett, Democrat, Virgin Islands
- Representative Jim McGovern, Democrat, 2nd District, Massachusetts
- Representative Donald J. Bacon, Republican, 2nd District, Nebraska
- Representative John Faso, Republican, 19th District, New York
- Representative Richard Nolan, Democrat, 8th District, Minnesota
- Representative Colin C. Peterson, Democrat, 7th District, Minnesota
- Representative James Comer, Republican, 1st District, Kentucky (staff only)
- Representative Mike Bost, Republican, 12th District, Illinois
- Representative Jim Costa, Democrat, 16th District, California
- Representative Mike D. Rogers, Republican, 3rd District, Alabama
- Representative Rick Crawford, Republican, 1st District, Arkansas (staff only)
- Representative Austin Scott, Republican, 8th District, Georgia
- Representative Bob Gibbs, Republican, 7th District, Ohio
- Senator Luther Strange, Republican, Alabama (staff only)
- Senator Pat Roberts, Republican, Kansas, Chair, Senate Committee on Agriculture Nutrition, and Forestry
- *Congressional Research Service* (Library of Congress):

- Mark McMinimy, Manager, Research (Agricultural Policy Resources, Science and Industry Division)
- Ian Fergusson, International trade specialist
- Joel Greene, Agricultural policy analyst
- Jim Monke, Agricultural policy specialist

Administration:

- Jason Hafemeister, Acting Under Secretary, U.S. Department of Agriculture (Farm and Foreign Agriculture Services)

Agriculture industry and research groups:

- Maryscott (Scotty) Greenwood, Canadian-American Business Council
- Joe Glauber, International Food Policy Research Institute
- Laura Dawson, Wilson Centre
- Gary Martin, President and CEO, North American Export Grain Association
- Randy Gordon, President, National Grain and Feed Association
- Dave Salmonsens, Senior Director, Congressional Relations, American Farm Bureau Federation
- Colin Woodall, Vice-president, Government Affairs, National Cattlemen's Beef Association
- Bonnie Byers, International Trade Economist, King & Spalding, Representative Corn Refiners Association

APPENDIX B LIST OF WITNESSES

Organizations and Individuals	Date	Meeting
Canadian Food Inspection Agency Paul Mayers, Vice-President Policy and Programs Branch	2017/05/11	57
Department of Agriculture and Agri-Food Fred Gorrell, Assistant Deputy Minister Market and Industry Services Branch Frédéric Sepey, Chief Agriculture Negotiator Trade Agreements and Negotiations, Market and Industry Services Branch		
Department of Foreign Affairs, Trade and Development Martin Moen, Director General North America Trade Policy Bureau		

MINUTES OF PROCEEDINGS

A copy of the relevant *Minutes of Proceedings* ([Meetings Nos.57, 59 and 62](#)) is tabled.

Respectfully submitted,

Pat Finnigan
Chair

