



January 21, 2021

Christine Lafrance, Clerk of the Committee
Standing Committee of International Trade
Sixth Floor, 131 Queen Street
House of Commons
Ottawa, Ontario K1A 0A6

Re. Canada's International Trade After COVID-19: Changes, Federal Supports for Exporters and Trade Agreement Priorities

On behalf of the Canadian Canola Growers Association (CCGA) and the Canola Council of Canada, please accept this brief in response to the Standing Committee on International Trade's study on Canada's International Trade after COVID-19. Exports are the lifeblood of the canola industry as ninety percent of canola grown is exported as seed, oil, or meal. With countries looking at how to best recover post-pandemic, this study topic is timely and important to our industry.

CCGA represents Canada's 43,000 canola growers on national and international issues, policies and programs that impact their farm's success. The Canola Council of Canada is a full value-chain association that includes these growers, along with seed developers, processors who turn canola seed into oil and meal and exporters. Canola is a staple of Canadian agriculture as well as Canadian science and innovation. It is Canada's most widely seeded crop and the largest farm cash receipt of any agricultural commodity earning growers over \$8.6 billion in 2019. Annually the canola industry provides \$26.7 billion to the Canadian economy and provides for 250,000 jobs.

The critical importance of a reliable food system was never more evident than throughout the pandemic. Despite the challenges, the agri-food supply chain demonstrated its resiliency and adaptability and the grain handling and transportation system operated above expectations. The Government of Canada's commitment to keep borders open and to maintain the flow of essential goods was critical to mitigating the impact of COVID restrictions and to positioning the canola industry as a strong contributor to Canada's post-pandemic recovery.

Over the last few years, we have seen the Government recognize the strong economic contribution of the agri-food sector to the Canadian economy and Budget 2017¹ set an ambitious target to grow our exports to \$75 billion by 2025 or by roughly \$25 billion. This was further recognized in the December 2020 Industry Strategy Council Report² which proposes leveraging Canada's agri-food advantage to feed the planet and is seen as a key sector to boost our economy in the new post-COVID world.

To drive canola's contribution to Canada's economic recovery, the canola industry proposes three recommendations for the Committee's consideration in its study on Canada's international trade after COVID-19.

Recommendation #1 – Continue to champion free and rules-based trade in bilateral and multilateral engagements and through the modernization of the World Trade Organization.

Above all, Canada must be a champion for free and rules-based trade. As one of the largest agriculture producers and exporters globally, open and rules-based trade is central to Canadian agriculture whether multilaterally or bilaterally. Canola trade thrives on the resulting predictability and certainty, and market access barriers only increase risk and hinder our competitiveness.

Prior to the pandemic, our trading systems and the enabling plant health and food safety frameworks were already being tested. Today the canola industry faces a range of market access issues including restrictions selling canola to China; barriers accessing important crop protection technologies; non-science based sanitary and phytosanitary requirements; and challenges having our sustainable production practices recognized. We are concerned that global protectionism will continue, as countries look to recover post-pandemic and take steps to shore up their national economies. According to the Global Trade Alert, trade policy measures were 147% higher than the 2015-2017 average. Only 27% of these measures facilitated trade.³

The Government's leadership since the beginning of the pandemic, promoting the importance of trade to human health and food security, avoiding trade distorting measures, and working on improvements to WTO disciplines through the Ottawa Group are appreciated.⁴ As the world recovers from the pandemic, a functioning WTO and strong

¹ Agriculture and Agri-Food Canada (May 2017) [Budget 2017 supports Canada's agriculture and agri-food sector as an important driver for economic growth](#), Government of Canada

² Industry Strategy Council (December 2020), [Restart, Recover and Reimagine Prosperity for All Canadians](#), for Innovation, Science and Economic Development Canada, Government of Canada

³ Evenett, Simon J & Fritz, Johannes (November 2020) [Collateral Damage – Cross Border Fallout from Pandemic Policy Overdrive The 26th Global Trade Alert Report](#), CEPR Press, London, UK

⁴ Global Affairs Canada (June 2020) [Statement of the Ottawa Group: Focusing Action on Covid -19](#), Government of Canada

rules of trade will become even more important. Our multilateral trading system should be central to our economic recovery as it offers an inclusive trade policy tool to prevent protectionist policies and to ensure an enabling framework to grow Canadian exports.

Recommendation #2 - Grow and maintain canola market access by ensuring the full implementation of Canada's existing suite of free trade agreements, reinstating full access to China, and boosting the Government's trade capacity.

Canada has negotiated free trade agreements (FTAs) with two-thirds of the world's economy including canola's major markets. To further grow and diversify our exports, Canada should seek new agreements in the Asia-Pacific while capitalizing on its existing ones.

September 2020 marked the third anniversary of the Comprehensive Economic and Trade Agreement (CETA) between Canada and the European Union. The canola industry needs to see strong political leadership to address multiple challenges. Despite three years of meetings, various market access barriers persist complicating access and raising questions regarding the market's long-term reliability.

Specifically, we lack predictable import tolerances for deregistered crop protection products, which creates unnecessary trade risks for our industry and jeopardizes our overall ability to export to the European Union. Unfounded scientifically, decisions by European authorities to cancel import tolerance for crop protection products, safely used by canola growers, prevent our industry to fully benefit from the access gains made through CETA. Unfortunately, despite the urgency of the situation and the market access threat, we are still awaiting a comprehensive engagement strategy from the Government to help guide actions to address the issue. A collaborative Government and industry approach to advocate for the European authorities to make science-based decisions on crop protection products is required. In addition to crop protection products, timely biotech approvals continue to remain an issue for our sector creating unnecessary risk and market irritants for canola. Further, the EU presents a billion-dollar biofuel market opportunity, but their regulations do not currently recognize Canadian canola growers' sustainability practices.

It is one thing to sign an agreement; it is another to ensure it is implemented as intended and the spirit of negotiated outcomes are respected. To fully capitalize on existing free trade agreements, the canola industry supports the creation of a Chief Trade Implementation Officer at Global Affairs Canada to strengthen the Government's capacity to monitor and mobilize resources to fully implement existing agreements. There is an opportunity to drive better results, but we need to focus on what happens after agreements

are signed. For example, the EU created a similar position in July 2020⁵ and the United States has similar capacity.

Challenges also persist in another of our largest markets. A whole-of-government approach is required to reinstate full access to China. Significant market restrictions are curtailing our industry's competitiveness and growth potential. China is the largest oilseed importer in the world and, with its demand expected to only grow further, our canola industry needs to regain full market access. Canada's canola seed exports to China continue lagged at 1.86 million tonne in the 2019/2020 crop year - 40% lower than 2018/2019. We recognize the complexities of the Canada-China relationship, but not selling into the world's largest oilseed market is not an option for our industry. A stable Canada and China trade relationship is a key component of Canada's agriculture long-term competitiveness.

To further grow and diversify our exports, additional trade capacity is required to proactively prevent and resolve market access issues. The canola industry is asking Government to create an Asian Diversification Office that has the capability and the mandate to prevent and resolve market access issues in Asia. Sixty per cent of the global population resides in Asia, and an increasing disposable income and changing food requirements makes canola an attractive option with opportunities for seed, oil, and meal. Unfortunately, our exporters face several market access challenges and rapidly, often opaque, evolving requirements creating significant export risk. To address these, the Office should include technical, regulatory and agriculture policy experts that work with industry to maintain regular contact with policymakers and regulators in Asian markets. This network would better ensure Canada is on top of developing trends and building professional contacts to facilitate communications and problem-solving. Additionally, with more frequent interactions in the region and technical, science-based expertise, the Office could support improved use of international standards and regulations.

Recommendation #3 - Create a trade enabling framework at home through the Clean Fuel Standard and federal bodies that regulate agriculture innovations.

Bolstering Canada's trade competitiveness and promoting market diversification requires a strong, trade enabling infrastructure at home. The Government's recently published Clean Fuel Standard (CFS) has the potential to increase domestic demand for Canadian canola creating a sizable new market and lessening our reliance on exports, while contributing to Canada's clean energy targets. Canola-based biofuel emits up to 90 per cent less greenhouse gas emissions than fossil fuel. The CFS baseline content requirement of 2 per cent will support domestic demand and encourage investment in processing at home.

⁵ European Commission (July 2020) [European Commission appoints its first Chief Trade Enforcement Officer](#).

Additionally, access to agriculture innovations will keep our industry competitive and is integral to the ecosystem services growers provide. Decision-making by federal bodies, such as the Pest Management Regulatory Agency (PMRA) and those responsible for overseeing the approval of plants with novel traits, needs to be science-based and recognize best management practices for risk. A national water monitoring program would provide PMRA better data to make assessments of crop protection products including the 2021 re-evaluation decisions of two important seed treatments. A risk-based approval framework for novel traits generated through gene-editing is needed to provide predictability to developers and enable innovation. Without, canola growers will be at a disadvantage globally as new seed varieties will be delayed, and Canada is overlooked for investment.

Science-based decision making at home must be accompanied by science-based international standards. Codex Alimentarius plays a crucial role in protecting the health of global consumers and in creating a trade-enabling environment. Greater participation and *leadership* by Canada, particularly to enhance the processes to establish maximum residue limits (MRLs) for crop protection products and to enable virtual decision making is needed. We are increasingly seeing countries move away from the global standard and COVID-19 has delayed key MRL-related decisions. Without these standards, canola growers juggle multiple market requirements when choosing crop protection tools and exporters can incur both significant export risk and cost.

In conclusion, the canola industry relies heavily on international trade. COVID-19 highlighted the importance of free trade and open borders were key to the canola's industry's adaptability and resiliency. Canada's trade priorities post-pandemic must focus on championing free trade, growing our agriculture exports and creating strong trade infrastructure at home. We thank you again for undertaking this study and look forward to our continued engagement with the Committee on trade-related issues important to canola.

Sincerely,



Brian Innes
Vice President, Public Affairs
Canola Council of Canada



Dave Carey
Vice-President, Government and Industry
Relations
Canadian Canola Growers Association