

Canadian Canola Growers Association

Submission to Standing Committee on Industry,  
Science and Technology

Economic Recovery from COVID-19

May 6, 2021

The Canadian Canola Growers Association (CCGA) appreciates the opportunity to participate in the Standing Committee's on Industry, Science and Technology's study on Economic Recovery from COVID-19.

CCGA represents 43,000 canola farmers from Ontario to British Columbia on national and international issues, policies and programs that impact their farm's success. CCGA is also an official administrator of the federal government's Advance Payments Program.

Developed in Canada, canola is a hallmark of Canadian science and innovation and a foundational crop on most Canadian grain farms. Today it is Canada's most widely seeded crop and is the largest farm cash receipt of any agricultural commodity, earning Canadian farmers over \$10.2 billion in 2020. Annually the canola sector provides \$29.9 billion to the Canadian economy and provides for 207,000 full time Canadian jobs. Exports drive canola's success – more than 90% of all canola grown in Canada is exported as seed, oil, or meal. Exports of canola were valued at \$11.9 billion in 2020.

The government recognized the strong contribution of the agri-food sector to the Canadian economy and established an ambitious objective for the sector by setting a target of \$75 billion in agriculture and food exports by 2025. The canola sector is poised to be a contributor to that objective with its own ambitious target to increase canola production to 26 million metric tonnes by 2025. If realized this target could contribute an additional \$4.5 billion in export sales annually. The 2020 Industry Strategy Council Report reiterated agriculture's potential recommending Canada leverage its agri-food advantage to feed the planet.

The Canadian canola industry has also set bold sustainability targets for 2025 to improve energy and land efficiency, sequester more carbon, improve soil and water health, and protect biodiversity. They include reducing fuel use per bushel by 18%, decreasing amount of land required to produce one tonne of canola by 40%, sequestering an additional 5 million tonnes of greenhouse gas emissions in Canadian soils every year and utilizing 4R nutrient stewardship practices on 90% of canola acres.

To allow farmers to contribute fully to achieving this ambitious 2025 target and support re-starting Canada's economy, the government must utilize opportunities that will enable growth in the sector. The following recommendations are measures where if taken, can help boost canola farmers contribution to Canada's economic recovery.

### **The Environment**

**Recommendation:** *Enable a growing biofuel industry in Canada by incentivizing the use of Canadian feedstock through a streamlined compliance process in the Clean Fuel Regulations.*

Canadian canola is used as a high-quality biodiesel feedstock in Canada, the United States, and the European Union. The Government's recently published proposed Clean Fuel Regulations (CFR) have 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 greenhouse gas reduction targets. Canola-based biofuel emits up to 90

per cent less greenhouse gas emissions than fossil fuel. The CFR baseline content requirement of 2 per cent will also support domestic demand and encourage investment in processing at home.

For Canadian canola to be utilized to its fullest potential in the CFR, compliance requirements on verification and certification of domestically harvested biofuel feedstock (such as canola) should be streamlined, data-driven and recognize Canadian farmer's sustainable land use practices and the bulk handling system that is the canola supply chain, without the need for individual farm documentation and reporting. Canola's low carbon advantage must also be reflected in the CFR's Life Cycle Analysis model. A more streamlined compliance process can incentivize more participation and ultimately contribute better to lowering GHG emissions and creating economic activity.

## **Trade**

**Recommendation:** *Prioritize regaining full access to China for Canadian canola seed.*

Challenges persist in one of Canadian canola's largest markets: China. 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. China's purchases of canola seed in 2020 were roughly half of those in 2018 – the year before restriction were enacted. 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-China trade relationship is a key component of Canadian agriculture's long-term competitiveness.

**Recommendation:** *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.

The Government's leadership since the beginning of the pandemic including 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 is appreciated. As the world recovers from the pandemic, a functioning

WTO and strong 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.

Additionally, 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.

**Recommendation:** *Create a Chief of Trade Implementation at Global Affairs Canada to strengthen Canada's capacity to monitor and mobilize resources to fully implement and capitalize on existing trade agreements for Canadian agriculture.*

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 of Trade Implementation 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 2020 and the United States has similar capacity.

**Recommendation:** *Create an Asian Diversification Office that has the capacity and the mandate to proactively prevent and resolve market access issues in Asia.*

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 capacity and mandate to proactively 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.

### Access to Innovation

**Recommendation:** *Create an enabling regulatory framework for plant breeding innovation.*

Supporting advances in new plant breeding techniques are important components to enabling the Canadian agriculture sector's growth, as identified by the 2018 report from the Economic Strategy Table, the 2018 Fall Economic Update and the 2019 Treasury Board Agri-Food and Aquaculture Regulatory Roadmap. Plant breeding innovation has the potential to create new and better varieties for farmers, consumers and the environment alike. To ensure research and development remains in Canada and to maintain farmers' competitiveness, an enabling regulatory system is required. As such, we welcome the current consultation on proposed new guidance for Novel Food Regulations focused on plant breeding and encourage ongoing dialogue between industry and Agriculture and Agri-Food Canada, Health Canada, and the Canadian Food Inspection Agency to streamline and improve Canada's Plants with Novel Traits regulations.

### Pest Management Regulatory Agency

**Recommendation:** *Proper funding for a Pan- Canadian Water Monitoring Program housed within PMRA.*

The PMRA requires consistent, reliable, robust, impartial data in order to fulfill its mandate as a science- based regulatory agency. If government funding is absent for a Pan-Canadian Water Monitoring Program, housed within PMRA, that agency will be forced to rely on increasingly conservative modelling in arriving at its regulatory decisions for chemistries registered for use in Canada. This approach to regulatory reviews will threaten the competitiveness of industries like agriculture, removing billions of dollars from our economy in lost profits and jobs. This could cause Canada to be perceived as a jurisdiction with increasingly high levels of regulatory uncertainty, disincentivizing registrants from commercializing chemistries in Canada. The funding requested for this program by PMRA will ensure that the Agency has the appropriate resources available to help fulfill its mandate as a science-based regulatory agency.

### Canadian Grain Commission Review

**Recommendation:** *Finalize the review of the Canadian Grain Commission and modernize the Canada Grain Act to ensure Canada's grain quality system aligns with the modern grain trading environment.*

It has been over 35 years since a major overhaul of the Canada Grains Act and wholesale review of Canadian Grain Commission (CGC) operations. The grains sector has substantially evolved, and it is widely recognized that changes are required to uphold the grain quality assurance system and to better align the CGC with the needs of the grain sector. The CGC plays a critical role in assuring Canadian grain quality while providing a series of important producer protections. The review and legislative changes provide the opportunity to define the "gold standard" for grain assurance, to enhance producer protections and to create a responsive, nimble regulatory framework that aligns with a modern trading environment in a post-COVID-19 world.

## **Rural Broadband**

**Recommendation:** *Expediate efforts to provide accessible, affordable, and reliable high-speed internet and mobile coverage to rural and remote communities.*

CCGA supports the Fall Economic Statement and Budget 2021's continued commitment of providing universal access to high-speed internet and enhancing mobile connectivity in Canada, particularly in rural and remote communities. More than ever, today's farmers depend on reliable telecommunications services to successfully and efficiently operate their farm. It is used to operate precision agriculture technologies in the growing season, maintain farm equipment for harvest, market crops, manage transportation logistics to get product shipped for processing and eventually export, and most importantly, to access emergency services when required.

According to the Canadian Radio-Television and Telecommunications Commission's (CRTC) Broadband Fund, only 45.6% of households in rural communities have access to broadband coverage of 50/10 Mbps, the federal government's benchmark for universal internet, and mobile LTE is not yet equivalent across Canada.<sup>1</sup> This highlights the need for government to continue to follow through on its commitment to expedite access to universal internet and mobile coverage for rural and remote communities, and ensure affordable, competitive options are put in place for these areas. Reliable, affordable internet and mobile coverage will play an important role in managing modern grain farm operations and adopting new technologies, which are critical to farmers' ability to stay competitive and sustainable in the global marketplace for the post-COVID-19 economic recovery.

## **Transportation**

**Recommendation:** *Make further long-term commitments to infrastructure improvements through the Western corridor that serves the Western Ports.*

With our dependence on exports, moving product to export position within Canada is key. We recognize this government's commitment to infrastructure improvements, including in Budget 2021 and in the suite of National Trade Corridor Fund projects supported in 2019 in the Port of Vancouver. Transportation corridors need considerable funding to be upgraded to handle not simply the goods of today but increased volumes of the future as Canada works to diversify its trade flows. We recommend the federal government make further, long-term commitments to infrastructure improvements that will help facilitate exports, especially through the Western corridor to supply the growing Asian markets. Infrastructure investments are key to ensuring Canada's competitiveness. Canada's grain industry has already made significant investments in supply chain capacity to meet this growing demand – it is critical that infrastructure investments in railways, roads, and bridges continue.

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<sup>1</sup> Broadband Fund: Closing the digital divide in Canada. Canadian Radio-Television and Telecommunications Commission. Accessed May 5, 2021: <https://crtc.gc.ca/eng/internet/internet.htm>

Thank you for the opportunity to provide comments on the committee's study on economic recovery from COVID-19. Canadian canola farmers are ready to contribute to growing a greener, more competitive, resilient Canada.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dave Carey', with a long horizontal flourish extending to the right.

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

CC: Gayle McLaughlin, Manager, Government and Industry Relations, Canadian Canola Growers Association