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Chair: Mr. Ken Hardie



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• (1840)

[English]

The Chair (Mr. Ken Hardie (Fleetwood—Port Kells, Lib.)): I call the meeting to order.

Welcome to meeting number 42—which is the answer to life, the universe and everything, if people know—of the House of Commons Special Committee on the Canada-People's Republic of China Relationship.

Pursuant to the order of reference of May 16, 2022, the committee is meeting on its study of Canada-People's Republic of China relations.

Before we begin, I would like to remind all members and other in-person participants to consult the cards on the table for guidelines. We need to prevent audio feedback incidents because that has been very injurious to some of our translators. We have had a few very serious incidents, in fact.

Only use the approved black earpiece. Keep it away from the microphone. By putting it on the little decal on the desk, it's a good distance away. When you're not using your earpiece, just put it face down and, as I say, far away from the microphone. We thank you for your co-operation there.

Today's meeting is taking place in the hybrid format. Members are attending in person in the room and remotely using the Zoom application.

Please wait until I recognize you by name before speaking. For those participating by video conference, you can click on the microphone icon to activate your mic and mute yourself when you're not speaking. For interpretation for those on Zoom, of course, you have the little globe at the bottom of your screen that you can use to select the language of your choice. For those in the room, of course, use the earpiece and select the desired channel.

I'll remind you that all comments should be addressed through the chair. For members in the room, if you wish to speak, please raise your hand, especially for our witnesses who may have something to add to a particular answer or a reflection. Just raise your hand and we will do our best to recognize you as quickly as possible.

With that, I would like to welcome Mr. Majumdar, who is sitting in for Tom Kmiec, and Mr. Kurek, who is now, I think, a permanent member of the committee. Ms. McPherson has opted—under no duress at all—to be here virtually. We have other people here virtually as well. It's good to have you all here.

Let's welcome our witnesses for today's first panel. From the Canadian Agri-Food Trade Alliance, we have Michael Harvey, executive director. From the Canadian Canola Growers Association, we have Dave Carey, vice-president, government and industry relations. From the Macdonald-Laurier Institute, we have Jeff Kucharski, senior fellow, by video conference. From Soy Canada, we have Brian Innes, executive director.

We normally provide five minutes for opening statements, but we will ask you to keep tight to time because there are quite a number of statements to be made. We want to leave lots of time for questions.

Who would like to start?

Shall we start with you, Mr. Harvey, for five minutes or less?

[Translation]

Mr. Michael Harvey (Executive Director, Canadian Agri-Food Trade Alliance): Good evening.

Thank you to the committee members for inviting me here tonight.

The Canadian Agri-Food Trade Alliance is a coalition of national organizations that advocate for a freer and fairer international trading environment for the agriculture and agri-food sector.

[English]

I will skip a few paragraphs for the time.

CAFTA members have established the following priorities for our work.

First is to open new markets for Canadian agri-food. This includes prioritizing trade liberalization discussions with growing emerging markets in the Indo-Pacific like Indonesia and ASEAN countries.

Second is to uphold the international rules-based trading system. A delegation of CAFTA members attended the WTO's recent ministerial conference in Abu Dhabi. We witnessed first-hand the challenges the system is facing, and we support Canada's efforts through the Ottawa Group to advance key priorities at the WTO.

Third is to strengthen trade diplomacy capacity and industry-government collaboration. We welcomed the opening of the Indo-Pacific Agriculture and Agri-Food Office in Manila, and CAFTA is co-chairing the industry working group that is ensuring alignment between government and stakeholders.

The Indo-Pacific region currently accounts for over one-third of the world's economic activity. In 2023, Canada's agriculture and agri-food exports to the region reached \$22.8 billion. In 2021, Canada was ranked the seventh-largest agri-food and seafood supplier to China with values of \$11.7 billion, or 3.5% of market share. China's top agri-food and seafood imports from Canada were canola seeds, canola oil and barley. China is our second-largest market for agri-food exports.

CAFTA strongly supported the opening of the Manila office because we believe Canadian business will benefit from more sustained Canadian engagement in the Indo-Pacific. Culturally, it is essential to have Canadian representatives on the ground to develop personal relationships. CAFTA members who travel regularly to the region have seen the need to have permanent representation on the ground. It is essential that the office have the technical expertise needed to manage relationships with local authorities to help prevent the emergence of non-tariff barriers that can keep Canadian product out of the market.

It's also important to note that our agri-food competitors are also very present in the Indo-Pacific region. The U.S. and Australia are particularly engaged, have strong infrastructure on the ground and have developed solid relationships with local buyers.

I wish to underline to committee members that exporting food responds not just to Canada's economic interest, but also to our national security interest of making important contributions to international peace and security.

Canada is the world's fifth-largest agri-food exporter. We're one of the few countries in the world producing enough food for ourselves while at the same time feeding others around the world. We contribute to international peace and stability by feeding the hungry, especially at a time of international instability when major grain producers are at war.

Canada also has a strong track record of not using food as a political weapon or banning agricultural exports. That helps make us a more reliable supplier to countries seeking greater food security.

[Translation]

In summary, it is in Canada's economic and national interest to increase our agri-food exports to the Indo-Pacific region. This will require a consistent, long-term investment to build commercial relationships with buyers and national authorities.

I would be pleased to answer any questions you may have.

Thank you.

[English]

The Chair: Thank you very much, Mr. Harvey.

We'll now go to Mr. Carey from the Canadian Canola Growers Association.

• (1845)

Mr. Dave Carey (Vice-President, Government and Industry Relations, Canadian Canola Growers Association): Thank you for the invitation to appear before this special committee.

The Canadian Canola Growers, or CCGA, is the national association for Canada's 43,000 canola farmers, representing them on issues, policies and programs that impact their farm success. Developed in Canada, canola is a staple of Canadian agriculture as well as of science and innovation. Canola is a strong economic contributor to family farms and rural communities.

Canola is the number one revenue source of farmers, earning Canadian farmers \$13.7 billion in 2023. Canadian canola exports were valued at \$15.8 billion in 2023, with 90% of this crop exported as seed, oil or meal. Annually the canola sector contributes \$29.9 billion to the Canadian economy and provides for 200,000 jobs.

The Indo-Pacific region is a critical area for growth and development for the export of Canadian canola seed, oil and meal. Of greatest importance in the region for canola is China. Canada exports canola seed, oil and meal to China, making it the second most important market for Canadian canola farmers. The main exports in recent years have been seed and canola meal.

In 2023, Canada exported nearly 4.6 million metric tons of canola seed to China, the second-highest export to date, making it the most important seed market. Canola meal exports to China are becoming increasingly important, with 1.8 million metric tons exported in 2023 for a total value of \$5 billion in canola exports to China in 2023.

The canola industry is set to grow in terms of total canola yield as well as in the volume of canola that is processed in Canada into oil and meal. Increased canola processing in Canada could potentially generate three million metric tons of additional canola meal. While canola oil is seeing high demand as a feedstock for renewable fuel production in North America, the additional canola meal volume produced will need to continue to find high-value markets.

China's high demand for protein ingredients, as well as plants to diversify its vegetable protein sources for livestock feed, position canola meal well within the market. In addition, China's growing dairy industry's use of canola meal is a proven ingredient in support of increased milk production. In addition to China, the Indo-Pacific region holds opportunity for canola products to be valued and in high demand.

For Canadian canola farmers, countries of interest within the region include Bangladesh, Indonesia, Japan, Pakistan, the Philippines, South Korea, Thailand and Vietnam. Japan is a consistent and loyal buyer of Canadian canola. Strong ties between our two countries support reliable trade. Vietnam, Thailand, Indonesia and the Philippines all represent markets of interest for canola meal. These countries have growing feed markets and increasing demand for vegetable protein ingredients. South Korea has also been a consistent importer of canola oil over the past decade.

Canadian canola farmers grow a high-value crop that is in demand around the globe. Within the Indo-Pacific region, China remains a critical market of importance to farmers, with the industry committed to fostering and expanding this trading relationship. In addition, we see value in the work the Canadian government and our fellow associations are doing to expand market opportunities within the Indo-Pacific region aligned with the growth of our industry.

The newly opened first-of-its-kind Indo-Pacific Agriculture and Agri-Food Office in Manila will play a key role in market access, reduce trade disruptions and likely assist in ongoing free trade agreement negotiations with ASEAN countries and Indonesia.

I look forward to your questions.

Thank you.

The Chair: Thank you very much, Mr. Carey.

We'll now turn to Brian Innes from Soy Canada for five minutes or less.

[*Translation*]

Mr. Brian Innes (Executive Director, Soy Canada): Thank you, Mr. Chair.

[*English*]

I'm here representing Canada's soybean industry. That includes Canadian seed developers, and that includes our farmers, our processors and our exporters. We have a very diverse industry with production that spans from Atlantic Canada all the way to the Rocky Mountains.

Soybeans are the third most valuable crop here in Canada, with exports of about \$3.5 billion per year. We produce world-leading food grade soybeans to make things like tofu and soy milk, as well as commodity soybeans to make meal to feed livestock and oil for humans and for biofuel. With more than 70% of our production exported every year, we're very focused on global markets.

Before I describe why the Indo-Pacific strategy is important for us, I'd like to share why the region itself presents an opportunity.

From a soybean perspective, the Indo-Pacific is the heartbeat of global demand. Take the ASEAN region, for example, which excludes other important markets like Japan, China and Korea. ASEAN imports soybeans worth approximately \$9 billion every year, and our Canadian exports into this region are at about \$470 million. We see a lot of opportunity for growth. For example, the USDA sees demand for soybeans in ASEAN countries to grow by 25% now through 2028.

With the committee's focus on China, it's also important to recognize that China is the world's biggest importer of soybeans, demanding 60% of all the soybeans traded in the world. It's also a very important market for Canadian soybean producers and the industry.

The question facing us today is how the Indo-Pacific strategy can help us seize these opportunities in the Indo-Pacific. For our sector, this will happen by helping to improve access to these markets.

First, we need to eliminate tariffs and establish mechanisms through regulatory co-operation through the Canada-Indonesia free trade negotiations. Eliminating tariffs would create growth opportunities and predictability—for example, right now, Indonesia could raise their tariffs on soybeans to 27%—but eliminating tariffs is not enough. We also need to address non-tariff barriers like sanitary and phytosanitary issues. Things that can suddenly appear can create costs and can even stop trade.

Second, we need to continue engaging all countries in the region on our shared interest in stable food trade. As my colleague Michael shared, Canada is one of the few countries that can produce food for itself as well as others.

Our agri-food sector is an engine of growth. Our customers in the Indo-Pacific depend on what we produce to feed their people and their animals. What we produce comes from what we invest, and what we invest is highly influenced by predictability. It's in everyone's interest to support rules-based trade and to continue engagement that supports stable food trade.

Last, we need to make the most of the newly established Indo-Pacific agri-food office under the strategy to work proactively to prevent trade issues and also to address them quickly when they arise. We welcome the office as an important tool to prevent and resolve trade issues. The exciting part is that we're already seeing it work. We're already seeing that engagement help to bring more collaboration and co-operation between governments.

One way we're seeing this is by regulators connecting with their counterparts. They are connecting to discuss plant health issues so they can better understand how governments can regulate these things to prevent trade risks, and they are connecting to improve understanding so that small regulatory differences on how weed seeds are regulated don't create trade barriers. As we look to the future, we see the office as a really helpful tool that can help with new technologies too, like seed technologies such as gene editing.

Throughout the region, regulations are evolving, though often not in sync with what's happening here in Canada. Investing in more collaboration between Canadian and Indo-Pacific regulators can really help to minimize differences that can create trade barriers or regulations that are not based on science.

● (1850)

[*Translation*]

Thank you for the opportunity to discuss how Canada's Indo-Pacific strategy can help us seize growth opportunities in the Indo-Pacific region.

I look forward to your questions.

Thank you very much.

[*English*]

The Chair: Thank you very much, Mr. Innes.

We'll now turn to Mr. Kucharski from the Macdonald-Laurier Institute for five minutes or less.

Dr. Jeff Kucharski (Senior Fellow, Macdonald-Laurier Institute): Mr. Chair, thank you for the opportunity to address your committee today.

I would like to make a few remarks on Canada's Indo-Pacific strategy by first talking about the external environment that we now face and then make some observations about the strategy itself.

First of all, in my view, the IPS is probably the most significant, comprehensive and ambitious strategic document on the Indo-Pacific or Asia-Pacific region that the Canadian government has ever issued. It comes at a time when the rules-based international order is being increasingly challenged by China, Russia and other authoritarian regimes. Consequently, the link between economic security and national security has become increasingly critical to western nations, including Canada.

Canada has a huge stake in maintaining peace and stability in the Indo-Pacific region. In 2022, Canada's total trade with the region was \$270 billion, or about 18% of Canada's total global trade. Much of this trade goes by maritime vessel, through contentious waters, the south and east China seas, so any disruptions in that area could have devastating consequences for Canada, and indeed the global economy.

As we all know, China is a significant trading partner of Canada, and at the same time a rival and a security threat to Canada and our allies. However, the Indo-Pacific strategy will not live or die based solely on Canada's relations with China. Canada's trade with China represented only about 8.5% of Canada's total trade in 2022, but the balance of trade is heavily in China's favour. Their exports to Canada—over \$100 billion—are more than three times what they import from Canada. Given the realities we face with a rising China, it's in Canada's interest to be more pragmatic and transactional with China, while prioritizing and broadening our economic and security relations with allies like Japan and South Korea, as well as pursuing deeper economic ties with ASEAN nations and Taiwan.

While the IPS itself is quite comprehensive, it does have a few gaps and shortcomings, in my view. One issue where it appears that there's a gap is between Canada's commitment to multilateralism

and the realities Canada is faced with in the world. A host of mini-lateral groupings have sprung up in the Indo-Pacific to address urgent and/or unique regional economic and security issues. While Canada is a member of the CPTPP, it has been left out of other fora, such as the Indo-Pacific economic framework and security partnerships, such as the Australia, U.K. and U.S. AUKUS partnership. A strategy to address Canada's participation in these and other mini-laterals is not addressed in the IPS.

Also, while the strategy acknowledges that the north Pacific faces growing security challenges, there's no reference at all to Russia in the strategy. Russia is also an Indo-Pacific nation and a regional security concern, and poses threats to Canada in the longer term, especially in the Arctic.

With regard to trade, the Indo-Pacific strategy notably aims to position Canada as a responsible and reliable energy security partner, but it makes no mention of Canada's hydrocarbon resources, even though Canada is an environmentally responsible, world-scale producer. In fact, the first tanker carrying the Trans Mountain pipeline's first shipment of crude oil to Asia left Burnaby just last Wednesday. Next year should see LNG Canada's project come on-line.

Canada will then be in a position to help the region lower its coal emissions. The IPS emphasizes clean energy, which is fine, but hydrocarbons are in demand in the region now and likely will be for decades. All of Canada's energy resources should play a part in leveraging Canada's position in the region. In my view, this is a significant oversight.

Ultimately, the effectiveness and success of the IPS will depend on two things.

The first is how the U.S. views our commitment to the region, which is to say, are we prioritizing national security and defence as well as trade and economics? U.S. concerns with Canada's failure to meet our NATO commitments have been made all too clear in the past few days. Meeting our defence commitments at a time when threats are growing is essential to being taken seriously when it comes to being seen as a partner in the region and being invited to join regional fora.

The second key factor is Canada's ability to achieve the goals in the IPS. Much will depend on the strength of Canada's economy and the ability to actually execute on the strategy. Unfortunately, Canada's share of global exports is falling. Manufactured exports are stagnating, and our GDP is underperforming that of our peers.

• (1855)

Canada also needs to urgently address the inadequacies and supports for Canada's foreign service and the personnel-readiness and funding issues plaguing the military. Thus, there are real concerns about Canada's capacity to deliver over the longer term.

I don't want to leave you with the impression that I'm critical or pessimistic. In fact, I'm quite the opposite. My main concern is with follow-through and with ensuring that the strategy is properly resourced and effectively implemented, as I believe its success is an essential component for Canada's long-term prosperity and security.

Thank you very much.

The Chair: Thank you, Mr. Kucharski.

We'll now go to our first round of questioning. First will be Mr. Kurek and then Mr. Oliphant. Mr. Perron is going to be joining us, and Mr. Bergeron will be ceding his time to him. Of course, Ms. McPherson will round up our first round of questioning.

Mr. Kurek, you have six minutes or less.

Mr. Damien Kurek (Battle River—Crowfoot, CPC): Thank you very much, Mr. Chair.

Thank you to our witnesses.

I think it's self-evident that Canada needs trade and that we should be—and, I would suggest, can be—the supplier of choice. In particular, I look at the three gentlemen here when it comes to our agricultural sector. However, it seems to be that, when it comes to our place, we don't seem to be growing as fast as we could be.

I would suggest, and I would ask the question.... The reason I ask this question is that it's important when this committee compiles a report. My question for the three gentlemen here at the end of the table is this: The method by which we transport our goods primarily to Asia would be what?

If I could just go down the table, starting with Mr. Harvey and then Mr. Carey and then Mr. Innes....

• (1900)

Mr. Michael Harvey: After leaving Canada, it would be by ship.

Mr. Damien Kurek: Mr. Carey.

Mr. Dave Carey: It would be by rail to port.

Mr. Damien Kurek: Mr. Innes.

Mr. Brian Innes: For soybeans, we're transporting in containers, as well as transporting in bulk. We use a lot of containers—approximately 40,000 every year—to export our soybeans.

Mr. Damien Kurek: Those would primarily go through...?

Mr. Brian Innes: They would primarily go through the port of Montreal, the port of Halifax, the port of Prince Rupert and the port of Vancouver.

Mr. Damien Kurek: Okay.

When it comes to, specifically, the Indo-Pacific, we have one major port, although I know there are a lot of conversations, in fact, that I've had with some of your organizations about expanding that. The World Bank had S&P do a report on port efficiencies. I know that my Liberal colleagues like to talk about S&P a lot, so I hope they will note this in particular. In the context of this report, the port of Vancouver—you can see it highlighted there—ranks 347 out of 348 when it comes to port efficiency.

To the witnesses here at the end of the table, is that concerning in terms of Canada's potential—when we are ranked so low when it comes to efficiencies of such a critical part of Canada's transportation infrastructure, which is essential to making sure that your members, those involved with your organizations, and the many producers you all represent are able to get their products to market?

I'll start with Mr. Harvey, and we'll keep it fairly short.

Mr. Michael Harvey: Mr. Carey is working more on ports on a daily basis that I am.

Mr. Damien Kurek: Okay.

Mr. Carey.

Mr. Dave Carey: Absolutely. Canada needs to get back into the business of nation building. If capacity is needed in the United States at Long Beach, they move heaven and earth, regardless of the party in power at the time. Seven out of 10 tonnes of grains grown in the Prairies by farmers—and many of your constituents—still go through the port of Vancouver. We have one bridge that gets to the port of Vancouver. We have one tunnel. I know discussions with the City of Burnaby are five years now into improving some of the basic grade issues around railway passing.

It is a concern. That is our gateway to economic prosperity in Asia.

Mr. Damien Kurek: I appreciate that. “Move heaven and earth”, I think, is a key phrase there. You're absolutely right. We need to be a country that builds and actually gets things done. It's regrettable that over the last nine years or so that has not been the case.

I'll just give a shout-out to my father, who's actually on the tractor right now. He said that he has a little over 1,000 acres of canola left to seed before we move to oats.

Mr. Innes, you wanted to answer that.

Mr. Brian Innes: Yes, thank you.

We export our soybeans in containers in bulk shipments. To build on what my colleague said, I'll say that predictability, reliability and cost competitiveness for Canadian shippers is paramount to our competitiveness.

In the soybean industry, we compete head-to-head with our American counterparts. When they have better service, when they have better rates—all of which come from infrastructure, as well as thinking about competition of the three global alliances that control the container market, for example.... These are actions taken by government that have a real impact on the shippers and our competitiveness, allowing us to bring value here to Canada.

Mr. Damien Kurek: When it comes to competitiveness, I'm glad you brought that up, because Canada, of course, pays a carbon tax. That has a particular and disproportionate effect on the transportation sector, specifically rail. You all mentioned that it's important for commodities to get from the farm, which is generally by truck, to an inland port, and then go by rail to a major port, and then from the port to wherever in the world. Does the carbon tax have an impact on Canada's competitiveness to be able to get our products to market?

I'll start with Mr. Innes, then Mr. Carey and then Mr. Harvey. Go ahead.

Mr. Brian Innes: I think Mr. Carey is best placed to speak to this.

Mr. Damien Kurek: Sure. Go ahead, Mr. Carey.

Mr. Dave Carey: It does. My organization has been a proponent of Bill C-234 since its inception. That would alleviate the carbon pricing on a farm. However, every time the price of carbon goes up, whether that's rail, inputs or custom haul trucking, that all gets passed down to the farmer in many ways. For canola, Canada has 60% of the world trade, but Australia is our largest competitor. They're much closer to markets, and they do not have a carbon tax. Anything that takes money out of the farmers' pockets to reinvest in their operations does impact our ability to compete with places like the United States, Australia and South America.

Mr. Damien Kurek: I appreciate that, and I hope my Liberal colleagues are watching, because quite often they say, "Oh, well, because you get money back, therefore everything is a wash." However, it's that impact on competitiveness that is very significant, and Bill C-234 does address, at least in its original form, a key part of that.

However, you're saying that it's so much more than that in terms of the impact on the sector as a whole. Am I correct in that?

• (1905)

Mr. Dave Carey: Yes. Bill C-234 is only for on-farm activities related to natural gas and propane use. However, all the costs that we all see as normal Canadians, as well as transportation—

Mr. Damien Kurek: I'm sorry to interrupt. Just in my last 10 seconds, would all of you—Mr. Innes, Mr. Carey and Mr. Harvey—quickly answer this? Can Canada grow its place in the world when it comes to agricultural exports, yes or no?

Mr. Brian Innes: Absolutely.

Mr. Dave Carey: A hundred per cent.

Mr. Michael Harvey: Yes.

Mr. Damien Kurek: Thank you.

The Chair: You're right on time, Mr. Kurek. Well done, sir.

All right, we'll go to Mr. Oliphant for six minutes or less.

Hon. Robert Oliphant (Don Valley West, Lib.): Thank you, Mr. Chair.

Thanks to all the guests for being witnesses today with us.

I'm not a trade person, and I'm not a farmer. I eat food, so I care about what you do, but I really am going to ask some questions that may sound dumb. I want to talk about where Mr. Kurek ended up—growing the markets. Given the numbers you're talking about in terms of the billions of dollars of exports we are now doing in the agri-food business, like in canola, soy and others, how does that market grow? Is that growing because we're better than our competitors, or is the market itself growing and we want a greater share of a new market? I'm interested in knowing that.

Who are our competitors? You mentioned the United States and Australia in different ways.

Does the growth of the market come from expanded consumption, or does it come from stealing or getting or earning a larger share of the markets that we're talking about? Who are our competitors, and how does the IPS perhaps help us to strategically position ourselves vis-à-vis either a growing market or competitors?

Why don't we start with soy, and then we can go to canola and then agri-food generally?

Mr. Brian Innes: Thanks for the question. When we look at the Indo-Pacific especially, it's a region that needs protein and oil, so the demand growth that we are seeing in soy for the two products that come from soy—oil and protein—is really coming because we're seeing population growth, income growth and shifting diets that are really growing the market for plant-based proteins, for example. That is growing more demand for soy milk and soy products, whether for tofu or tempeh, in Indonesia, for example. When we look at that growth opportunity, it's all of the above—more people, more income, changing diets.

When we look at the competition we face, in food-grade soybeans, for example, Canada is a major player. The other major player in the world is the U.S. We're about a third of the market, and the U.S. is most of the rest. When we see competition, it really comes down to how we're able to produce a value-added product that provides the most value to our customer and the ecosystem that supports our ability to do that, as well as being competitive in the real things that we do, whether that's planting, moving, processing or exporting.

Mr. Dave Carey: Thank you for the question. I'd echo my colleague's comments, and perhaps I'll save the competitor's side for my colleague Michael Harvey. It's a good question because, despite rising export numbers, those are not bankable and not necessarily repeatable every year. We're dealing right now with global conflicts, which are leading to increased commodity prices. In 2023, actually, we had a smaller canola crop, because of droughts in Saskatchewan and other situations.

We have an opportunity to grow. As my colleague Brian said, there's a growing middle class with growing incomes that is demanding different products. However, banking on the fact that we export almost \$98 billion of agriculture products next year does not mean that we can necessarily repeat that year after year. If we're not reliable in our delivery of our products to global markets, other markets will go elsewhere. We're in a good place, but we can't rest on our laurels.

Mr. Michael Harvey: The main reason the market is increasing is that the number of people on the planet is increasing and the number of people on the planet who are eating better, who have moved into the middle class, are moving into the middle class or are moving up the chain is increasing. As was mentioned, there's a lot more protein but more calories in general and higher-quality calories.

In terms of competitors, we already talked about the U.S. and Australia. I'd also mention countries like Brazil and Argentina. The big agri-food exporters are countries that have a lot of land and have a lot of water. South America produces a lot of products that compete with ours globally.

• (1910)

Hon. Robert Oliphant: Excellent.

Mr. Carey, you mentioned drought last year. I know that there are droughts and periods that are up and down. Can you explain to me the impact of climate change, what is happening about climate change and how farmers are having to deal with this?

This could be in canola. It could be in soy or more generally in agri-food. I am feeling it, but I'm just wondering how farmers are dealing with it.

Mr. Dave Carey: Farmers are at the forefront whenever there are significant changes. Last year, we had significant droughts in the Prairies, particularly Saskatchewan, where our canola production was down to 18.3 million tonnes.

If it weren't for advances in seed technology, as my colleague Brian alluded to earlier, some of those farmers would have been relying solely on crop insurance, but because of advances in research and development—increases in drought tolerance with crops like canola, soybean, corn, etc.—they were able to get off a decent-sized crop.

For canola, it's moisture, nitrogen and then not too much heat. There are certainly going to be challenges. However, gene editing—now that the government is providing clarity on that pathway to commercialization—is a real opportunity for Canada to take back some of those global R and D dollars to invest in crops that need less water, can deal with greater heat and can be grown in different soil zones.

Hon. Robert Oliphant: I would just maybe echo Mr. Kurek, who was hoping Liberals were listening when he was talking about taxes, in expressing my hope that Conservatives are listening when we're talking about climate change. I think it's a really important point.

Mr. Innes, do you have anything you want to add?

Mr. Brian Innes: I'd just say that, when we look into the future for the soybean industry, it has to work for farmers.

As the climate evolves, so too do the crops that make sense for farmers in the regions that we farm. We're growing soybeans in the most northern places they grow anywhere on the planet, and we have many diverse growing regions.

When we think about innovation that needs to respond to farmers' needs, it's creating the varieties that work in the specific regions where farmers grow, that are resilient to changes in weather and that are ultimately profitable for farmers.

The Chair: Thank you very much, Mr. Innes.

Thank you for your time, Mr. Oliphant.

We'll now go to Monsieur Perron for six minutes or less.

[*Translation*]

Mr. Yves Perron (Berthier—Maskinongé, BQ): Thank you very much, Mr. Chair.

I'd like to thank the witnesses for being with us, either in person or by video conference. It's always a pleasure to see them.

I'm going to start with Mr. Carey.

This committee is studying Canada's relationship with the People's Republic of China. In 2019, China blocked canola imports from two Canadian companies, Richardson and Viterra. Can you quickly tell us what the impact of that ban has been?

After the ban was lifted in May 2022, how did the market recover? Have you regained the market share you had before? Was there a decrease in the amount of canola being sold to China during that time?

[*English*]

Mr. Dave Carey: Thank you for the question.

Restrictions on Canada's two largest exporters of canola seed began on March 6, 2019. In 2018, we exported 2.8 billion dollars' worth of canola. After the restrictions, we were exporting \$800 million, so it was a \$2 billion loss in exports over a one-year period. It is estimated that the economic impact to Canada was between \$1.54 billion and \$2.35 billion in 2021 as a result of that economic loss.

Since market access was re-established for the two largest exporters, 2023 was actually our largest year ever of exporting canola seed to China. As Brian said, China imports approximately 60% of the world's oilseed, so there's no getting away from their buying capacity, as well as their domestic crushing capacity. They have the ability to crush a lot of oilseed.

We have recovered. However, farmers certainly felt the acute economic impacts of losing our second-largest market.

[Translation]

Mr. Yves Perron: Mr. Innes, do you want to add any comments?

Mr. Brian Innes: We've also seen a halt in our soybean exports to China. That's certainly the case for Quebec producers. Like canola, 2018 was a big year for our soybean exports, both from eastern and western Canada. In 2020, however, we exported almost nothing. There was no formal mechanism like in the canola sector, but our industry has also been hit hard by the difficult relations between Canada and China, as well as those between the United States and China.

We live in a multipolar world. The same thing went for soybean. Our sector was affected by the U.S.-China soybean war, if I can put it that way, as well as strained Canada-China relations.

• (1915)

Mr. Yves Perron: Thank you for that. I was just going to go to you, Mr. Innes.

China intends to increase its soybean production to reduce its dependence on other countries. It has set a goal of increasing its local production by 40% by 2025.

Is that a worrisome direction for you?

Mr. Brian Innes: In the soybean world, we are a high-quality producer. Our industry in Quebec, Ontario and here in Manitoba is a world leader in food-grade soybean production. We're talking about soybean used to produce tofu and soy milk, for example. Soybean produced in China isn't exactly of the same quality. So it will certainly have an impact on non-GMO soybean production, for example, but not really on high-quality food-grade soybean production. There will certainly be competition in our export markets such as Indonesia, Vietnam, Malaysia or the Philippines, but we won't face major competition in those regions.

Mr. Yves Perron: So you still think you can do well.

I'll go back to both of you.

I think we need to continue to trade with China. It seems to be a fairly unanimous opinion again this evening. We have to be pragmatic, as we said earlier. However, we need to reduce our dependence on China.

How dependent on the Chinese are your exports to the Asia-Pacific region? Could we diversify export markets? That's more or less the objective behind Canada's Indo-Pacific strategy and opening an office in the Philippines.

What do you think? Do you have a lot of hope in that regard? Do you really want to diversify your markets significantly or will you continue to focus on the Chinese market?

Mr. Brian Innes: China is certainly very important. As our exporter says, when China buys, we sell.

However, our experience over the past few years has shown us that diversification is very important for the sector. That's why Canada's Indo-Pacific strategy is very important to us, as is the Indo-Pacific agriculture and agri-food office in the Philippines. They allow us to work on issues such as the ones I mentioned, non-tariff barriers in particular. It's very important to have a strategy like this in order to negotiate new trade agreements and work on these kinds of issues.

Mr. Yves Perron: Mr. Carey, do you want to add anything quickly?

[English]

Mr. Dave Carey: Yes, absolutely. Diversification is critical. It is important. However, for canola in the region, there's really no getting around it. China will continue to be a major market.

Agriculture products always flow to the countries that demand them. We certainly have been working on diversification. The United Arab Emirates has become a major market for us, with just shy of \$200 million last year. To put it in context, there were \$5 billion of canola exports to China in 2023. For a country like Vietnam, it was \$604,000.

Certainly, there's opportunity, particularly with canola meal, which is the by-product. When you crush canola, you get oil and meal. The meal is certainly something that we need to find new markets for. We have more crush capacity in Canada. We're at 11 million metric tons now. We're adding about another three million tonnes. Therefore, there will be new markets for meal, but China, for the foreseeable future, will be a hugely important market for Canada's canola farmers.

[Translation]

Mr. Yves Perron: Thank you very much.

[English]

The Chair: Thank you, Monsieur Perron. That's your time.

We will now go to Ms. McPherson, for six minutes or less.

Ms. Heather McPherson (Edmonton Strathcona, NDP): Thank you very much, Mr. Chair.

This has been very interesting testimony. I want to thank the witnesses for being with us today.

I have a few questions. I want to follow up on what Mr. Perron was speaking about. The whole point of the Indo-Pacific strategy is, of course, to ensure that we are reducing our reliance on China.

Mr. Carey, I understand what you're saying when you say that we have a very big reliance on China, and that's not going to change in the foreseeable future. On the other hand, we saw the punitive non-tariff trade barriers that were put in place by China on the canola industry. We also know it was politically motivated. Therefore, there is that vulnerability in terms of our relationship with China that we have to manage.

How do we manage that vulnerability? How do we deal with that? As we develop relationships with other countries in the Indo-Pacific region, how do we ensure those relationships are not as vulnerable to punitive actions as we've seen, historically, with our relationship with China?

I'll start with you, Mr. Carey, and then I can go to Mr. Harvey and Mr. Innes.

• (1920)

Mr. Dave Carey: We're large proponents of the Indo-Pacific strategy and the Indo-Pacific Agriculture and Agri-Food Office. That part of the world is not transactional when they do business. Trade is built on long-term relationships. Western Europe, North America and even parts of Central America are transactional. When you get in the Indo-Pacific, these are about long-term relationships.

For us to do that, we've now established this office. We have a five-year funding commitment from the federal government. Five years is not long enough to build deep, meaningful relationships. If we truly want to expand and diversify our markets, we need Canadian experts, we need Canadian industry and Canadian parliamentarians in market not once a year but multiple times a year to continue to build those relationships. As they are not transactional, they are deep and built on long-term relationships.

Ms. Heather McPherson: Go ahead, Mr. Harvey.

Mr. Michael Harvey: The way I see it is that China is a market that's too large to replace exactly. We're not the only ones dealing with this issue. If you look at our agri-food competitors who are also our national security allies, like the United States and Australia, they are dealing with similar issues.

There's a political risk to manage, and it's not always easy to manage. There are different ways to manage it, and one of the most important ways to manage it is to work on diversification in the markets. That's where we've seen the Indo-Pacific office playing an important role.

Ms. Heather McPherson: Mr. Innes...?

Mr. Brian Innes: Just to elaborate on our experience in the soybean industry, having been exporting to Asia now for almost four or five decades, what we really see is the importance, to build on Dave's comments, of relationships.

As an example, our industry travels to the region together at least once a year. Our industry members themselves go more than that and often have offices. Where we were this year was in Thailand. Last year it was in Malaysia and Vietnam.

To give you an example of how we can help this diversification, what we did while we were in Vietnam was meet with local industry. We had a round table, something like this here today, with dozens of our customers, and we talked about the importance of the

stability of the relationship and how it was important, working with our governments, to work on trade issues together.

Now with the office there, that enables more continuity so that the Government of Canada can be present there more often. They're seen as a trusted partner, someone who is there working at multiple levels on the stable trade relationship. For our industry, diversification means investing in relationships. It means supporting the investment of the Government of Canada in the Indo-Pacific office to help work through issues and build relations over time.

Ms. Heather McPherson: Yes, it's an interesting thing to think about, because I think that there is a role for parliamentarians too, to build those relationships and to ensure that we have those connections and those relationships with people in the Indo-Pacific strategy as we try to diversify Canada's economy. Unfortunately, at this point, there is one party in the House of Commons that is not allowing for parliamentary travel at the moment. It is disappointing, because I think there is that role there.

Mr. Kucharski, I feel like you're being a little bit abandoned, but we're both online. I'm going to ask the next question of you.

You spoke a lot about Canada being left out of the, as you call them, minilaterals, that we're not at those tables. We know that in the Indo-Pacific strategy there is a desire by Canada to join in the Indo-Pacific economic framework for prosperity that the United States launched in 2022.

First of all, can you explain why you think we're not being included? I think you touched on it, but give just a little bit more detail. Do you think it is worthwhile? What is the value of being part of the Indo-Pacific economic framework for prosperity?

Dr. Jeff Kucharski: If we want to talk about the IPEF, the Indo-Pacific economic framework, although it's certainly not as valuable to Canada as, say, the CPTPP, which is a full-blown trade agreement, it is important to be at the table where significant players in the region are sitting down talking to each other.

Unfortunately, we are not at that table. It's not just about trade or even just about investment. It's about relationship building in the region. We have not yet been able to establish our bona fides, as it were, in the region, because, quite frankly, we've had decades of neglect. We've underinvested in the region. We have not come to the table as we should have with the commitment that is expected of us on defence and security. As a result, I believe that has made some countries reticent about inviting Canada to the table. They're not sure if we're a serious player.

That was what I was touching on in my earlier comments. I think, as we go forward and as we follow through on the commitments we've made in the Indo-Pacific strategy and hopefully strengthen the ones on our military security side as well, that will change. I think that's the background.

● (1925)

The Chair: Thank you, Ms. McPherson. That's your time.

We'll now go to our second round, which will be Mr. Majumdar, Mrs. Lalonde, Mr. Perron and Ms. McPherson again.

Mr. Majumdar, there are five minutes for you, sir.

Mr. Shuvaloy Majumdar (Calgary Heritage, CPC): Thank you, Chair.

It's nice to see you, Jeff Kucharski. It's been a while. I don't mean to be incestuous by bringing up our Macdonald–Laurier roots together around this table, but I'll take advantage of the opportunity nevertheless.

You've written extensively about the Indo-Pacific region. You've obviously looked at the Indo-Pacific strategy in careful detail.

Let me ask you this: Is there a definition in the Indo-Pacific strategy of what the government terms “clean energy”?

Dr. Jeff Kucharski: No, there isn't. It's a very general term. It's defined as they see it internally, so I couldn't tell you what clean energy is completely. There are things most of us would consider to be clean energy or non-emitting types of energy, but people will differ on the definition of clean energy.

Mr. Shuvaloy Majumdar: I appreciate that.

We've seen, Professor Kucharski, that Europe has had a chance to redefine what it considers to be clean energy in the wake of Russia's expanded invasion of Ukraine, particularly things like LNG and nuclear.

You've written extensively on Europe, as well. Would you agree that this should be an international standard—or at least the beginning of an international standard—for defining what clean energy is?

Dr. Jeff Kucharski: I agree that, if we're going to use a term like “clean energy”, it needs to be more specifically defined. I think it should be more inclusive of even hydrocarbons, if they are produced responsibly and if measures are taken to reduce emissions. We're going to have to rely on all forms of energy in order to reach our emissions goals over time.

Yes, I would agree.

Mr. Shuvaloy Majumdar: Thank you for that.

You cautioned us a bit about what the impact of tensions in the South China Sea could be, or even more widely in the waters of the Indo-Pacific region. Hong Kong Watch recently published a report indicating that war with Taiwan would result in an 8% GDP hit to Canada, which is bigger than the COVID-19 pandemic and the global financial crisis. That would be via 1% financial shocks, 5% semiconductor imports and 2% trade shocks. It strikes me that providing stability to the Indo-Pacific region, where you have energy suppliers like Russia leveraging their energy, or China's control and

dominance of energy transition technologies, critical minerals, refineries and all that stuff.... Canada could play a critical role in offsetting dependence on dictator energy.

How important do you think our energy proposition is to the Indo-Pacific region and therefore ought to be read into the Indo-Pacific strategy?

Dr. Jeff Kucharski: It's absolutely essential, in my view.

I think the region will be significantly held back if Canadian energy exports are in any way inhibited in the region. The fact remains that natural gas, in particular LNG, is going to be required in the region to reduce the amount of coal being burned and therefore reduce emissions. LNG as a substitute for coal is very important in their transition policies. A lot of these countries, particularly in ASEAN, are developing countries. They are not able to...or there are geographic reasons why renewables can't be installed immediately. We're talking about a transition that will take place over decades. That's going to require a wide range of energy sources.

Canada is in a position to provide responsible energy supplies to these countries as they transition, going forward. It's a benefit to Canada. It's a benefit to them. They're asking us for these products. We're just on the cusp of supplying for the first time, but I think more needs to be done.

● (1930)

Mr. Shuvaloy Majumdar: Our national security serves international energy security. I'm very grateful for your many interventions over many years in pushing Canada to think big about what it can be.

Thank you very much.

I'll close my time.

Dr. Jeff Kucharski: Thank you.

The Chair: Thank you, Mr. Majumdar.

We'll go to Mrs. Lalonde for five minutes.

Mrs. Marie-France Lalonde (Orléans, Lib.): Thank you very much.

Thanks to all our witnesses this evening. My first question will be for the representative from Soy Canada.

In early February 2024, Soy Canada led a mission to the Indo-Pacific region—what they described as connecting with more than 150 current and potential customers in Japan and Thailand.

Maybe you can share with our committee the key opportunity for Canadian soybean producers in the region and also what the main outcome was of the Soy Canada mission to the Indo-Pacific region.

Mr. Brian Innes: When we look at the region, there is just an immense opportunity for growth. More than two-thirds of our exports of soybeans from Canada go to the region. They're a region that loves soybeans. They love to eat soybeans, and they're a region that needs protein and needs oil.

Specifically, we look at Japan, one of our most valuable markets. They really value the quality that Canada provides. The soybeans we export there are of the highest quality, with over 100 different specific varieties going to specific tofu manufacturers, for example.

I can give you a story. When we were in Japan, we visited a tofu factory in the mountains and got to try their deep-fried tofu. It's not something that we would find here, but certainly in Japan, when we take our farmers and take our exporters there, we connect with our customers in a way that's just not possible virtually.

When we were in Thailand, we were able to visit a soy milk manufacturing facility, an ultramodern facility. That was a bit different from tofu in the sense that they're looking for a more generic soybean, but what they value from Canada is the reliability of what we're able to produce and, also, as a trusted partner, to deliver when they expect it to be delivered.

When we look at the opportunities and what we take from that in connecting our farmers.... We had farmers from Quebec, Ontario, Manitoba and Saskatchewan with us on the mission to see directly where their soybeans go. To see that container of soybeans opened at the soy milk manufacturer and dumped into their facility was a really gratifying moment for our farmers: to see not only how they plant and ship their soybeans but also how they're used halfway around the world—in fact, all the way around.

Hopefully, that gives you a bit of a sense of the value that we took from that, and certainly our customers appreciate touching the hand of the farmer who produces the soybeans they use and also appreciate that their need to produce food for their people has a connection back to a country like Canada, which values that relationship.

Mrs. Marie-France Lalonde: Thank you very much.

I'm not sure if everyone could answer this, but certainly, when you look at the disruptive actions on the international scene by the PRC and the geopolitical environment and the reason.... Certainly, we're having a conversation today, and we talked very briefly about the 2019 example. Maybe I could hear a bit of your thoughts on Canada's economic relations with the main Indo-Pacific economies.

That means the countries of ASEAN. One of the strategy's priority sectors for developing Canada-ASEAN relations is in agriculture and agri-food. How do you think a free trade agreement between Canada and ASEAN would benefit Canada's soybean industry and why?

If others have thoughts on this, I would certainly like to hear you.

Mr. Brian Innes: I'm happy to start, but I know my colleagues would also like to contribute.

When we look at trade agreements, they establish relations between governments. They establish a real opportunity to make trade more stable. We really want to see a useful agreement established between Canada and Indonesia and ASEAN.

Mr. Dave Carey: I would quickly say that we're very supportive of the Canada-ASEAN agreement as well as the Canada-Indonesia free trade agreement. We cannot take international trade for granted.

For those of us who were at the WTO ministerial conference in the UAE this year, rules-based international trade is something that directly benefits every Canadian, regardless of your sector, and it's not something that we can take for granted. The more multilaterals and bilaterals Canada signs, the more rules-based trade, the better the quality of living for all 40 million-odd Canadians.

• (1935)

Mr. Michael Harvey: I would just add that these are quickly growing markets, and our competitors are there. Australia has an agreement with these countries.

The Chair: Thank you very much.

That's your time, Ms. Lalonde.

Mrs. Marie-France Lalonde: Mr. Chair, I still have to hear from Mr. Kucharski.

The Chair: All right. Yes, we will give Mr. Kucharski a quick moment here.

Go ahead, sir. I'm sorry.

Dr. Jeff Kucharski: I'm going to say just very quickly that it's very gratifying to hear that the soybean and canola growers are looking to expand and diversify markets in ASEAN, and I applaud that.

The one thing I would say as to why that's particularly important is that, before 2019—I just had a quick look at the statistics—before the ban on canola, China represented 40% of Canada's total canola exports, and today, with \$5 billion in exports, as was mentioned, Canada relies on the Chinese market for 65% of its total exports of canola.

As good as that business is, I just want to point out that it's a huge vulnerability in a world where tensions with China are likely to continue. There are very likely going to be disagreements again between Canada and China at some point. You can bet that this number of canola exports will be used as a coercive mechanism by China again. It's a vulnerability that we do have.

The Chair: All right. Thank you for that.

Now we'll go to Monsieur Perron for two and a half minutes.

[Translation]

Mr. Yves Perron: Thank you, Mr. Chair.

I'm going to continue along the same lines, since that's the subject I wanted to address.

Mr. Harvey, I'd like to talk about political uncertainty in the Asia-Pacific region. We know what's happening in the South China Sea, between China and the Philippines: There's been a lot of friction. We saw what happened last week in Taiwan. What's your view of that?

The office is a good thing. You took part in the negotiations and we will try to develop new markets. That said, we have to think about a potential conflict or escalating tension. These are not necessarily open conflicts. For example, it could be a situation like the one Canada experienced with India last year, which certainly didn't help trade.

What do you have to say about that?

Mr. Michael Harvey: For people who sell products, it's true that those are risks to be managed. There are business opportunities and there are growth opportunities. We look for growth opportunities, but we have to analyze the situation based on risk, including political risk and infrastructure risk, such as trouble at the ports. Risk can also be related to labour relations, such as potential strikes. In addition, there are climate-related risks. When we open markets, we analyze all sorts of risk.

There are different ways of managing risk. One of the key ways is to diversify markets as much as possible, but that's not the only way. There's also managing long-term relationships. Mr. Innes mentioned several times the issue of regulatory authorities in Canada and in the markets of the various countries where we sell our products. He talked about how long-term relationships between regulators can also help manage risk.

That's all part of the risk we manage. It's a reality.

Mr. Yves Perron: What does the Canadian presence in India look like right now? Is it also a growing market?

Mr. Michael Harvey: I know less about that than my colleagues, I believe.

Mr. Yves Perron: Mr. Carey and Mr. Innes, what do you think?

[English]

Mr. Brian Innes: India is a very big soy market, but one we are shut out of because they have really high tariffs against our products.

Mr. Dave Carey: It would be the same. It gets very political in India, and they do grow their own version of canola called rapeseed. However, tariffs are very high.

I just wanted to say we work to establish relations with China. The chair of our farmer board, Roger Chevraux, was in Beijing in November.

Just to Mr. Kucharski's point, we're actually at less than 33% trade to China. If you're only looking at seed exports, then that is correct, but we're at less than 33% trade exports to China. We are working to diversify. They were \$5 billion of \$15.8 billion last year. I just wanted to get that on the record. Our trade exposure to China has not actually increased.

The Chair: Thank you, Mr. Perron.

Back when I was doing radio and television in Brandon, we called it rapeseed. I was the backup farm reporter, by the way, just so you know.

All right. We'll go to Ms. McPherson for two and a half minutes.

Mr. Damien Kurek: That's the pre-genetic-modification version of rapeseed. It's now called canola, post-genetic-modification.

The Chair: Okay.

● (1940)

Ms. Heather McPherson: There are many people in the room who know much more about rapeseed and canola than I do, I can assure you.

Thank you again for all of the information you've been providing to us.

Mr. Carey, you talked about China. One of the things that keeps coming into my mind is that it's risky to be working in this market. I recognize it's a giant market and I recognize how important it is to us, but it is a risk because they have shown, they have proven, that they don't recognize the rules-based order when it comes to international trade and they are willing to politicize and weaponize that at any time. It's just something I'm trying to get my head around.

When we talk about the Indo-Pacific strategy, I've been very concerned, with the strategy, that we're in fact taking eggs from one basket and putting them in another with regard to human rights. We speak about India and the challenges we have there. That we're not in fact thinking about this strategically enough is one of my concerns.

I know that in February the government did open the Canadian Indo-Pacific Agriculture and Agri-Food Office. I'm just wondering if all of you have some comments to make on whether you've seen any impact of that to date, and whether or not you believe it's resourced sufficiently and it has what it needs to do the job that it needs to do.

Why don't we go backwards? Mr. Innes, why don't I start with you?

Mr. Brian Innes: Sure. I'm happy to start.

When we were in Thailand, actually, we had the new director of the office present to our seminar and meet our customers and meet our exporters and farmers first-hand. We're seeing that the office, just recently set up this spring, is already having an impact by connecting regulators to regulators in different markets, such as Indonesia, such as Bangladesh, such as Thailand as well. What we're seeing in that office is a real presence in the region. Just as I described that our sector is looking to be present in that region multiple times per year, so, too, is it helpful for the Government of Canada to be there more often, in as many places as one can be.

The investment in the office shows that Canada is invested in the region. What we've seen through our seminar this spring is that having someone on the ground to speak to people, to make networks and to expand networks, and having the Government of Canada present beyond what it has done in the past, is really helpful.

Mr. Dave Carey: I echo my colleague's comments. Our only advice—it's not a criticism—is that we had a five-year commitment, but we need to be looking longer term than, simply, five years. Right now it's a staff of about 10 with a \$35-million envelope over a five-year period. If we want to be serious about it, we need to look at that as just the beginning. This office can't go away after five years.

Lastly, even in that part of the world, diplomatic postings are typically three years. As I spoke to earlier about the deep relationship in that part of the world to do business, we should also consider potentially having longer diplomatic postings to establish those regulator-to-regulator relationships.

Mr. Michael Harvey: Can I just add...? In any market there are questions of political and regulatory risk. The office, I think, is going to play a key role in managing regulatory risk, in particular, with the regulatory authorities in those countries, but it's also useful in terms of political risk because it helps show a commitment to our relations with those countries in the agri-food sector.

Ms. Heather McPherson: Mr. Kucharski, do you have any comments?

Dr. Jeff Kucharski: I think those risk management measures that were pointed out are all good. The only thing I will say is that, irrespective of the good relationships and relationship-building we try to do—having offices in the region and so on—it's a country that, essentially, is an authoritarian regime where political goals are going to trump trade and relationships, depending on the issues. It's good to have relationships, and I totally agree that it's a relationship-driven region, but at the end of the day, China will make decisions that are in its own political interest, and if that means we're a casualty, well, then so be it.

The Chair: All right. Thank you very much.

We now go to our next round. We have Mr. Chong and then Mr. Fragiskatos. We did get a bit of a late start, so we'll maybe do another round after that with Ms. Lantsman and Mr. Erskine-Smith, and then round it out with Mr. Perron and Ms. McPherson. That will polish off our first panel, if that's okay with you guys.

Let's go to Mr. Chong for five minutes or less.

Hon. Michael Chong (Wellington—Halton Hills, CPC): Thank you, Mr. Chair.

Thank you to our witnesses for appearing.

When I first arrived here in 2004, a lot of free trade agricultural associations told us that we needed to diversify trade away from the United States because we were overly reliant on that single trading partner. Subsequently, governments negotiated the comprehensive economic trade agreement with the European Union and the CPTPP in the Indo-Pacific region.

When we look at global GDP, we have a free trade agreement with the United States, which is about one-quarter of global GDP; we have one with Europe, which is just under 20%; and now we have one with the Indo-Pacific region, which is, roughly, another 15% or so. When we add it all up, we have free trade agreements now with over 50% of the global economy, yet it doesn't seem like we're taking advantage of those newly negotiated and implemented agreements.

I pulled up some trade data. In 2022, the most recent year for which I have data, Canada's primary and secondary agricultural production amounted to \$94 billion Canadian, with some of that going to the Indo-Pacific region. The Netherlands exported \$167 billion Canadian on current exchange rates. That's almost double what we exported, so why are grains and oilseeds associations not...? What's the solution to this? The Dutch export more fats and oils than we do, and as you know, they're on a postage stamp of a country. How come they export way more fats and oils than we do?

• (1945)

Mr. Brian Innes: Perhaps I could start. Thank you for the question.

I guess I would first share that we are taking advantage of opportunities created by trade agreements. I was just in Korea as part of the team Canada trade mission. We have 17,000 tonnes, out of a 300,000-tonne market, that we fill routinely every year. That is tariff-free. That is opportunity for us to add value and have the highest-value soybeans go to those customers who appreciate our quality. We would love to have more of that 300,000-tonne market than the 17,000 tonnes we have now through the trade agreement.

I would say that there are opportunities, and we are taking advantage of them, but to your question around how we get more, I think that's a really important question that our industry is continually speaking to our government partners about, federally and provincially. For us it's about recognizing our competitive and comparative advantages and looking at the infrastructure required to help us excel.

There was a question earlier about transportation infrastructure. That is a key piece of it, as is the innovation infrastructure and research infrastructure that allows the industry to capture the most value from the highest-value markets. That's to your point around how the Netherlands succeeds. We see those as key opportunities.

For example, we're working on the next generation of a soy quality program. How do we sell the highest-quality soy in the world without having a soy quality program here in Canada? That is a key question we're struggling with. We need to work on it together in our country.

Mr. Dave Carey: I would just say that it's a very good question. Besides what my colleague said, we need massive investments in our trade corridors, our infrastructure, our ports and the demurrage costs, but—

Hon. Michael Chong: As a colleague of mine mentioned, the port of Vancouver ranked 347th out of 348 ports for global efficiency. It was second-last out of 348. What do we need to do to make the port of Vancouver more efficient so that we can export more of your members' products to the Indo-Pacific region? That is our country's largest port.

Mr. Dave Carey: If you look at it from a resilience perspective, as I said earlier, we have one bridge and we have one tunnel that goes to the port of Vancouver. That's all owned by CN. We have no resilience. There's no backup plan for that. Marine vessel traffic still takes precedence over getting rail action in the port of Vancouver. We need railways to deliver on time. They need to be predictable.

To your broader point about why the Netherlands is so successful, I would suggest that signing a free trade agreement is just the start. Implementing and following through on trade agreements is critical. The U.S. trade representative has an entire office dedicated to the enforcement of their free trade agreements. We have not seen CETA provide really the opportunities for agriculture, because the EU is not following through on the spirit of that.

I think a big part of it is that signing a trade agreement is relatively easy—it's very difficult but relatively easy—but implementing and enforcing the spirit of free trade agreements is something that Canada needs to make a priority.

The Chair: Thank you, Mr. Chong.

We'll now go to Mr. Fragiskatos for five minutes.

Mr. Peter Fragiskatos (London North Centre, Lib.): Thank you, Chair.

Thank you to the witnesses.

Mr. Carey, earlier tonight you talked about the transactional nature of the trade relationships that we find generally in western countries as opposed to Asia writ large, where something else is at play. The long-term relationships, as I think you put it, are much more important in terms of serving as a driving force to ensure the long-term viability of trade relations.

Can you expand on that a bit? What ultimately underpins those long-term relationships in terms of how they're brought into being and how they're maintained?

• (1950)

Mr. Dave Carey: Government and industry both have a role to play. The example that I use—my colleagues Brian or Michael might have some great examples too—is that I think we're going on year 48 of what we call the “preconsultations”, where we host the Japanese every year and they host us every year. They want the same farmers going every year. They want to see the same government officials. We all recognize politics and democracies, but they want to know that when they have a relationship as an importer with Canada, they know the people in Canada. They've come to Canada. They want to come and visit our farms. They want to visit the facilities. When markets like the Japanese market, I believe with soy as well, are established, that's a relationship going on 50 years of economic activity. There was nearly a billion dollars in ex-

ports to Japan last year. That has been the result of 40-plus years of industry-government collaboration and dialogue.

Oftentimes when you're doing business in parts of the world like southeast Asia, the first meeting is not when you're closing the deal. In the United States and western Europe, that often is. It's transactional; you move on. They're looking to forge long-term relationships. They're looking at decades. They're not looking at the next quarter, for example. That requires sustained effort. That requires trade agreements. That requires trade missions. That requires offices. That requires hosting and reciprocating. They really want to come to Canada and see the farms that grow the products they're purchasing.

There's no silver bullet, but it's sustained, long-term, genuine relationship building in that part of the world.

Mr. Peter Fragiskatos: I take your point, and I think it's a point that might be lost on many. When you think of trade, you think of dollars and cents and of the transactional, traditional approach. However, it's not so straightforward.

Mr. Innes or Mr. Harvey, do you have any thoughts on that point?

Mr. Brian Innes: I'll just build on my colleague's comments.

Our sector looks at investment. The soybeans used in tofu today, in Japan, started more than 10 years ago here in Canada. It takes a long time to develop a specific variety of soybean that will provide value to our customers.

It's about providing value not just to our customers but also to our farmers. Look at value-added, food-grade soybeans, for example, which give our farmers 30% more per acre relative to the conventional or commodity alternative. There is long-term relationship value when a customer tells the industry what they're going to need in 10 years, and the industry invests and delivers on it. This speaks to the importance of long-term thinking.

Mr. Michael Harvey: I will bring it back to what Mr. Carey was saying about our infrastructure.

Reliability is a key element of the relationship, because the buyers need to know the product is going to arrive. If you can't meet a timeline, it's going to hurt your credibility.

Mr. Peter Fragiskatos: Of course.

I would be remiss if I didn't mention that I was recently at the Ferguson family bean farm just outside of London, in St. Thomas. When you made your point about how long it takes to develop a bean crop, Mr. Innes, it matches exactly with what they told me. I grew up in a rural area as well, so I don't come to it absent any knowledge, but it's always good to learn about these things. What you're telling us, basically, is that this requires a lot of hard work that, again, isn't noticed at first glance.

What needs to go into all of this? I don't want to put words in your mouth, Mr. Carey. What do we need to prepare for, as part of a wider Indo-Pacific strategy on the agriculture side, in order to ensure these long-term relationships come into being and are sustained?

Mr. Dave Carey: As my colleague Mr. Innes said, it's about knowing your markets, knowing what they want and knowing why they're coming to Canada. In Canada, we don't often have a price advantage. We have high quality. We certainly have a reputation for food safety and excellence in food products, but Canada's not the cheapest country to produce agriculture in. We have a high standard of living. We have high costs. It's about knowing what your markets want.

As my colleague Mr. Harvey said, increasingly, the questions our colleagues around the CAFTA table get asked by importers is this: "You have the product and you have the quality, but will it be here on time?" That comes down to infrastructure, whether it's rail, ports or vessels. Knowing what your markets want but not delivering on time is becoming an increasing problem for Canada's global reputation.

• (1955)

Mr. Peter Fragiskatos: Okay. Thank you.

The Chair: Thank you, Mr. Fragiskatos.

We'll switch it up a bit and go to Mr. Kurek now for five minutes.

Mr. Damien Kurek: Thank you very much.

It's been a great series of rounds.

Specifically, Mr. Carey, I know we talked a bit about the non-tariff trade barriers put forward on Chinese imports of our canola products.

I'm curious about whether you can give me, very quickly, a snapshot of where things are at, in terms of addressing those things.

Mr. Dave Carey: The concerns Chinese officials cited were around weed seeds and other pathogens like blackleg. Those are issues that were adjudicated at a technical level. Canada brought forth a WTO case. As of right now, we have full market access restored with China. Again, that's not something we take for granted. We don't take any market for granted.

However, as of right now, all shippers have access to the Chinese market, but they have to go through the requisite approvals. Canola seed is typically what they want. They like to crush it themselves.

Mr. Damien Kurek: I appreciate that.

You made a statement that said free trade agreements are the start. I know I will be asking our friends from the Canadian Cattle Association some fairly direct questions about this in the next

round. What can the government of Canada do to make sure we are able to empower industry to access the markets we've signed free trade agreements with, so our products are, in fact, getting to market?

I'll preface that with a quick anecdote. I speak often with counterparts and ambassadors from other countries. Quite often, they highlight how, when they speak with the federal government, there is a massive disconnect among what provinces produce. That's as true for agriculture as it is for a whole host of other things. That's an intricacy of our federation. Many states around the world don't have that same understanding of it.

What can we do to make sure the high-quality products your members—many of whom are my constituents—produce actually get to market, so people know what they're buying, can trust what we're selling and ultimately provide the reciprocal relationship that is supposed to be what trade is built on?

Mr. Dave Carey: It certainly comes down to federal-provincial collaboration. Many of the provinces have trade offices around the world.

I think it's knowing what any particular market wants and what those issues are. Some of them are political. Some of them are technical. Developing countries often look to countries like Canada to help them walk through why our country is not a concern for this pest or this pathogen.

It takes long-term, concerted effort. For those for which we have an FTA, Canada must make sure that its counterparts follow through on the spirit of the agreement. If it says "may" and they're interpreting "shall", you have to hold them accountable for "may".

Mr. Damien Kurek: I appreciate that.

Mr. Innes and Mr. Harvey, is there anything you want to add there in 30 seconds or so?

Mr. Brian Innes: To build on that, when we think about how the Government of Canada engages with our counterparts, the benefit of the Indo-Pacific office is that there is someone who deeply understands the region who is then able to help coordinate the federal government and the provincial assets and resources alongside industry and the group that Mr. Harvey co-chairs, to be able to make those assets useful and really provide more trade stability over time.

Mr. Damien Kurek: Mr. Harvey, is there anything you want to add very quickly?

Mr. Michael Harvey: No, that's good.

Mr. Damien Kurek: Thank you.

I'll turn to our friend from the Macdonald-Laurier Institute.

We've talked a lot about energy security. Mr. Oliphant made a suggestion that it would be nice if we talked more about climate change. I would suggest that the best way we can address some of the challenges of climate change is to get Canadian energy around the world. That not only deals with climate policy, but it deals with security policy and energy policy and all of those things make the world a better place.

I'm curious, though. When it comes to the Indo-Pacific, we need to get our resources to market. What can we do to ensure that we can do so quickly?

Right now, and especially over the last two years, we have seen how energy security is tied with the security of nations and closely connected to food security as well. If you could focus on energy security, how do we actually get our resources to market, whether that's in the Indo-Pacific or across the entire planet?

Answer in about 30 seconds or so, if you could.

Dr. Jeff Kucharski: I think infrastructure is absolutely key.

For the first time in Canada's history, we now have the infrastructure to ship crude oil to Asia. The first shipment left, like I said, last Wednesday. Hopefully, next year the first major LNG export facility will come online—LNG Canada—and that will start to export to the region. All of a sudden, Canada's energy exports to that region are going to increase substantially.

Infrastructure is key. We could use more capacity. Clearly, production is there. The resource is there. The only bottleneck right now is infrastructure.

Moving product to Asia is not difficult, and there is certainly a market and demand there.

● (2000)

The Chair: Thank you very much, Mr. Kurek.

We'll now go to Mr. Erskine-Smith for five minutes.

Mr. Nathaniel Erskine-Smith (Beaches—East York, Lib.): Thanks very much.

I want to start with Soy Canada.

All of you in various ways have mentioned the importance of population growth for driving demand. In order to sustainably manage that growth, how important are alternative proteins?

Mr. Brian Innes: Thanks for the question.

What we're seeing, whether it's in North America or Europe, or in Asia, where soy is very much part of the local palate, is that there is a growing demand for plant-based protein.

To your specific question, I'm not necessarily the one equipped to articulate an answer that really gets at the premise of your question. What I would say is that we're seeing demand grow for plant-based protein and for soy, based on the premise of your question.

Mr. Nathaniel Erskine-Smith: One reason I asked the question is that I have a bill in Parliament—we'll be debating it on Friday and voting on it next week—around pandemic prevention and preparedness.

If you read any of the evidence around pandemic prevention and reducing pandemic risk, we have to address some of the unsustainable practices and the spillover risks around animal proteins and the increased demand for animal proteins. Obviously, your product helps to address that, at least in part.

In the course of that debate on the bill recently, a Conservative member suggested that, "Alternative protein is just a far-left dog whistle that means crickets". That's a sitting member of Parliament. That's not a far-right conspiracy theorist.

What would you say to someone who says that alternative protein is just a far-left dog whistle that means crickets? Your product isn't a far-left dog whistle that means crickets—I don't think.

Mr. Brian Innes: Thanks for the question. Our product is grown by approximately 30,000 farmers across Canada. I always say that there's no such thing as a soybean farmer in the sense that we have an industry that's integrated with grains, often integrated with livestock as well, and that can take advantage of crops that are an important part of the rotation or work in certain regions of Canada to help farmers manage risk and profitability. We're very much part of a system.

The product itself is a plant protein. It's growing, and the demand for it is strong, but in terms of the whole industry, it is very much part of an ecosystem.

Mr. Nathaniel Erskine-Smith: Thanks very much. There have been some comments from my colleague...and I respect Mr. Kurek a great deal.

How important is the CPTPP for the expansion of trade in the Indo-Pacific and for Canadian trade?

Mr. Michael Harvey: That's a key agreement. You have some of the most important countries in the region and major markets like Japan and South Korea. The CPTPP is also an area in which we have a competitive advantage over the U.S. because they're not members. It's—

Mr. Nathaniel Erskine-Smith: Exactly.

Mr. Michael Harvey: —a key agreement.

Mr. Nathaniel Erskine-Smith: I agree. The second piece I want to ask about is the Indo-Pacific office. How important is that to expanding Canadian trade in the region?

Mr. Michael Harvey: We have asked for the Indo-Pacific office to concentrate very much on the expanding markets, the growing markets like those in Indonesia, Malaysia and the Philippines. We want it to concentrate on the regulatory issues that often become non-tariff barriers.

We were mentioning, just a few minutes ago, the difficulties of the EU, where there may not be tariff barriers but where we're being blocked out by non-tariff barriers. What we want is regulatory officials who can work with regulatory officials to work things out at a regulatory level. Whether the issue is lack of knowledge or uncertainty or, sometimes, in order to expose that the issue is really political, the best way to do that is to work through the regulatory issues.

Mr. Nathaniel Erskine-Smith: My point is that a government that does care about economic growth and that does care about supporting Canadian industry would probably enter into an agreement like the CPTPP or open an Indo-Pacific office. Is that right?

Mr. Brian Innes: The Indo-Pacific office is a very important tool that helps us take the next step to having more stable and diversified trade in the Indo-Pacific. For governments of many stripes, provincially and federally, in Canada, if we see things through the eye of our customer and we see things through the eye of the people who need food for themselves and to feed their animals, they value that stability and the relationship they have through their agreement with Canada through the CPTPP and by having the investment of Canada in the Indo-Pacific agri-food of-fice.

• (2005)

Mr. Nathaniel Erskine-Smith: Thanks very much.

Mr. Kucharski, similarly, you mentioned the importance of infrastructure. Over the last nine years, I don't necessarily think the \$35 billion towards that pipeline...and you said it would be the first time in Canadian history that there was going to be the opportunity for crude oil to be shipped across the Pacific. We have a commitment of \$35 billion to get that pipeline done. For the first time in Canada, LNG is going to be able to be exported in a serious way. I'm not suggesting that everything has been perfect, but surely you would say this government has, in some cases, tried to move mountains to get products shipped.

Dr. Jeff Kucharski: I would say the TMX expansion took, what, 10 years? It really shouldn't take that long. If we're serious players in the world, we need to learn how to do these regulatory reviews and approvals more quickly. We need to do the permitting more quickly. We need to do the decision-making more quickly. Yes, it's absolutely important to the oil industry. It's absolutely important to the gas industry. I think we could do more. I think we could do a lot more. We're talking about this in the critical mineral space, in which the government is trying to speed up the approvals process, yet we still seem to have a problem with oil and gas.

The Chair: Thank you, Mr. Erskine-Smith. We'll now go to Monsieur Perron for two and a half minutes.

[Translation]

Mr. Yves Perron: Thank you, Mr. Chair.

I would like to take two and half minutes to quickly summarize the concrete proposals the committee could make to the government in the report it will write.

First, it would be important to maintain long-term relationships, that is to say, for more than three years. You're obviously talking about ambassadors, but also about the office, which must be main-

tained. As I understand it, you're implying that staff would have to be there for the long term. We have no choice but to think about the long term when we're on Asian territory. That was the first point raised.

Then you talked about ensuring a stable and regular supply chain, to give you predictability and credibility in the markets to which you export.

Mr. Carey, you also mentioned that more processing could be done in Canada. I'm very interested in the idea of adding value. Can you tell us more about that?

[English]

Mr. Dave Carey: Yes. There's a lot to unpack there and a lot of very good questions. On the value-added processing side, Canada is exceptionally blessed with our natural resources, whether in agriculture, forestry or oil and gas. However, what we've done historically is pull things out of the ground, export them as raw products and then import them value-added. If we get more into the business of adding value here, that creates high-paying jobs, and when we do export, we're getting that premium. We would absolutely support it across all the industries. My colleague Mr. Innes spoke to what the soy industry is doing, and we've seen billions of dollars in the canola crush plants.

We definitely need more investment infrastructure. We have a competition issue in Canada. We have two class I railways that were going to be in strike positions. They have now been referred to the Industrial Relations Board.

We need to invest in our ports. We need to invest in our infrastructure. Canada needs to be a country that can attract global investment in research and development. There's no silver bullet here, but a lot of the issues that we face as a country are barriers of our own doing. Geopolitics is one thing, but there's a lot we can do here domestically to be more competitive and more profitable.

[Translation]

Mr. Yves Perron: Mr. Harvey and Mr. Innes, do you have anything to add?

Mr. Michael Harvey: We need to advance discussions with the Association of Southeast Asian Nations and with Indonesia. Those are two very important potential agreements.

Mr. Brian Innes: As far as the agricultural industry is concerned, we certainly want more value added in the processing process, but we also have an opportunity to diversify our crops and the way we produce our crops, such as soybean. For example, the food-grade soybean used in Japan represents about 30% more per acre for producers than basic soybean. So there's an opportunity to invest in high-end products, to give more to soy producers and processors to provide a product in a form that meets customers' specific needs.

• (2010)

Mr. Yves Perron: Thank you very much.

[English]

The Chair: Thank you very much, Mr. Perron.

We'll now go to Ms. McPherson for our final two and a half minutes.

Ms. Heather McPherson: Thank you, Mr. Chair.

Again, thank you to all of our witnesses for being here today. I'm taking away a lot from your conversation: The idea that we need to invest in our infrastructure, the long-term relationships that we need to build and the idea of how we deal with the sector as a whole are very important for us.

I'd like to give everybody one last chance to tell us what recommendations you need to see in this report. This is ultimately why you're here. Is there anything that we haven't asked you that you want to make sure gets on the record and gets into this report?

Mr. Harvey, why don't I start with you? You didn't get a chance in the last question.

Mr. Michael Harvey: We just went through the recommendations, so I'm looking for something else. I think one thing that we know is a very difficult political circle to square are the conversations with India, where there have been a lot of barriers over the years. The political relationship is very difficult, but we can't ignore the fact that it's a major market. We'll want to get back to those conversations when we can.

Ms. Heather McPherson: Yes. Certainly, there are human rights challenges that we have there.

Mr. Carey.

Mr. Dave Carey: It's a great question. I guess I would answer with a comment. Canadian agriculture and agri-food is larger than Canadian auto and aerospace combined economically. However, we do not see agriculture and agri-food get the attention, the spotlight, the investment or the time and attention of the government nearly as much as we see now with critical minerals and electric vehicles. Invest in the agriculture and agri-food sector, and it will pay dividends for taxpayers and global peace and security.

Ms. Heather McPherson: Thank you.

Mr. Brian Innes: Specifically with the Indo-Pacific strategy, when we look at that strategy as a tool to help us orient our thinking on commerce, completing agreements with ASEAN and Indonesia help establish new frameworks that create more stability. That is an important priority in something that the Government of Canada has control over.

I would also add that, when we look at the investment in the Indo-Pacific office, that is a commitment to stability, investment and presence over time. That's the sort of thing that the Government of Canada needs to keep doing to help businesses and farmers do our jobs to produce efficiently and competitively and to deliver for our customers.

Ms. Heather McPherson: Thank you.

Mr. Kucharski.

Dr. Jeff Kucharski: I'll divide it into two—economics and security. We talked about infrastructure. It's critical that we remove the bottlenecks and get things done in a reasonable amount of time. That also means regulatory reform, and we have to address taxes because we compete with other regimes on our tax regime.

On the security side, we need to step up our investments in the military. We need to protect our intellectual property from cyber-crime, and we need to get more participation by the Canadian government and others in the regional fora in the Indo-Pacific. Thank you.

Ms. Heather McPherson: Thank you.

The Chair: Thank you very much.

To our panellists, thank you. It's been very enlightening.

That one rail bridge over the Second Narrows that goes up and down to let the tanker from the terminal go through on its way to China is something that does impact the efficiency of the port of Vancouver. That said, come the day that we're not shipping all of that coal out of Roberts Bank, perhaps there is going to be some capacity there to do something more productive for the world. That's something we can think about in the future.

We will suspend while we change our panel. Again, thank you very much for your attendance tonight.

• (2010)

(Pause)

• (2015)

The Chair: Welcome back.

Thank you to our second panel for being here.

From the Canadian Cattle Association—probably the focus of some very serious hat envy tonight—we have Tyler Fulton, the vice-president. The senior director of government relations and public affairs, Jennifer Babcock, is joining him. From Energy for a Secure Future, we have Shannon Joseph online. No stranger at least to some of us here is Paul Lansbergen with Fisheries Council Canada. He is a frequent flyer at our fisheries committee and is here to talk about fish. Imagine that.

We'll start with you, Mr. Fulton. You have five minutes for an opening comment.

Mr. Tyler Fulton (Vice President, Canadian Cattle Association): Thank you for the opportunity to appear before the committee to discuss the Canadian beef sector's experience with the People's Republic of China.

I'm a beef producer from Birtle, Manitoba, and I currently serve as the foreign trade chair and vice-president of the Canadian Cattle Association.

I can sum up our views on China succinctly by stating that we are dissatisfied with the present situation in which we have no access for Canadian beef exports. It's also questionable whether any future access for Canadian beef exports to China will come with the security that trade rules should provide.

China suspended imports from one Canadian beef exporting facility in 2020, citing COVID concerns. It is important to note that they did not take similar action against beef facilities in other countries that were experiencing COVID outbreaks amongst their employees.

China expanded its action against Canadian beef by suspending all imports in December 2021 following the discovery of an atypical case of BSE in a Canadian cow. To be clear, the discovery of atypical BSE should not be cause for trade restrictions. To quote the World Organisation for Animal Health, "Atypical BSE refers to naturally and sporadically occurring forms, which are believed to occur in all bovine populations at a very low rate, and which have only been identified in older bovines when conducting intensive surveillance."

In other words, every country that is undertaking proper surveillance should expect to detect an atypical BSE case. While a few countries briefly suspended imports, China is the only trading partner that did not quickly restore Canadian beef access. It is further galling to us that China has singled out Canadian beef for such trade restrictions. The U.S.A. has discovered a number of atypical cases, including a case in May of last year, yet China has not suspended U.S. exports. I want to be clear that China did act appropriately toward the U.S.'s atypical BSE cases. Atypical BSE cases do not warrant trade restrictions, and China should have treated Canada in the same manner they treated the U.S.

Brazil reported two atypical BSE cases in 2021 and was suspended by China for 13 days. It is inappropriate that China took trade action against Brazil, but at least they moved quickly to restore trade, proving that they can do it when they want to. It has been over 29 months since China suspended Canadian beef with no apparent interest in restoring trade. Our analysis is that China has violated at least two fundamental provisions of the WTO agreements.

First, they have violated the sanitary and phytosanitary provisions by imposing a trade-restricting measure in contravention of the relevant international standard without any risk assessment or scientific justification.

Second, they have shown discrimination by treating Canada more restrictively than they have other trading partners. We had hoped that China might lift these sanctions through constructive dialogue, but our frustration has grown these last two-plus years as China has refused to engage with Canadian officials. Despite some recent meetings, no results have been achieved, and none seem

likely in the near future. Given this experience, we have serious concerns that even if—or when—China resumes imports of Canadian beef, we will not be able to rely on the access being secure for the long term.

With the lack of action and movement on China's part, our sector has started to raise the concern that Canada should start a formal process to exercise our WTO rights. We need to send a strong signal to China and all of our trading partners that Canada will always stand up for science-based and rules-based trade.

Thanks.

● (2020)

The Chair: Thank very much, Mr. Fulton.

We'll now go to Mr. Lansbergen for five minutes.

Mr. Paul Lansbergen (President, Fisheries Council of Canada): Thank you, Mr. Chair, for the invitation to testify today.

Before I get to my specific comments, I would like to spend a few minutes to give some additional context on the council, our sector and our trade.

The Fisheries Council of Canada is the national voice for our wild-capture fisheries across Canada. Our member companies are processors who process the majority of Canada's fish and seafood. Our members include small, medium- and larger-sized companies along with indigenous enterprises who collectively harvest in Canada's three oceans. The Canadian seafood industry employs 72,000 in direct jobs, mainly in coastal and rural communities. In essence, the sector is the beating economic heart of these communities. The sector accounts for \$7.6 billion in exports to over 100 countries. The largest export markets are the United States at 64%, China at 19%, Hong Kong and Japan both at 2.5%, and the U.K. at 1.6%.

Growing global demand for protein, including fish and seafood, points to growth opportunities for our sector. FCC and the Canadian Aquaculture Industry Alliance, our counterpart on the farming side of the industry, have developed a joint 20-year vision to be a global top-three best quality and sustainable fish and seafood producer, not the largest but the best. With this vision, we have three aspirational goals. We want to double the value of the Canadian industry, double economic benefits to largely coastal communities and double domestic consumption of fish and seafood. These are definitely ambitious goals, but if you don't aim high, you don't achieve high.

The last and most important backdrop for our conversation today is our sustainability performance. Canada is a global leader in sustainable fisheries management with a robust regulatory regime, and DFO reports that 95% of our fish stocks are harvested at sustainable levels. In addition, Canada's adoption of independent third-party certification for sustainable practices is in the top five in terms of percentage of landings certified. We should feel proud of our collective stewardship of our fish resources.

All of this is important context for my remarks today, and now I'd like to move on to the specifics of the Indo-Pacific strategy.

Last year, we exported \$1.9 billion to 15 countries in the region. China is by far the largest destination, receiving \$1.4 billion, representing 77% of our exports to the region. Japan received \$188 million, representing about 10%; South Korea, \$94 million or 5%; and then Vietnam and Taiwan rounded out the top five.

Our imports total \$1.6 billion from 20 countries in the region, leaving us with a trade surplus of about \$300 million. The top countries for our imports are China, \$517 million or 32%; Vietnam, \$307 million or 19%; India, 274 million or 17%; Thailand, 256 million or 16%; and Indonesia at \$91 million or 6%.

Our exports over the last 10 years have grown 78% in the region, while imports have grown more slowly at only 14%. Of our top export markets, we are net exporters to China, Japan and South Korea. We are a net importer from Vietnam, and we're essentially balanced in Taiwan. While we agree with the strategy of diversifying in the region, it is difficult to do. There is ever-growing demand for fish and seafood in China, and it is critically important to our sector. For some species, China is our primary or even our only market.

Having said that, we see growth potential in the region, as it has a large population and a strong seafood culture. FCC partnered with the Canada brand program in Vietnam to have our seafood consumer guide translated into Vietnamese and promoted in-country. We partnered with the consulates in Ho Chi Minh City and Hanoi. This was the first time FCC had done something like this, and it was a good experiment.

Another thing that's important is that I'm a member of Agriculture Canada's Indo-Pacific industry working group. We provide input in how the department actions its role in the Indo-Pacific region as part of the strategy, and our initial discussions revolved around the location and the operationalization of its new office in Manila. I'm happy to be the lone seafood representative in that group.

We are also pleased to see that EDC is expanding in the region. It has new offices in Jakarta and Seoul and added staff in Singapore, and this year it is opening new representations in Ho Chi Minh City, Tokyo and Manila.

- (2025)

With that, feel free to ask me any questions regarding the free trade negotiations in the region and trade missions and opportunities for specific species. I welcome questions.

Thank you.

The Chair: Thank you, Mr. Lansbergen.

We'll now go to Shannon Joseph, who's chair of Energy for a Secure Future.

Ms. Joseph, you have five minutes, please.

Ms. Shannon Joseph (Chair, Energy For A Secure Future): Thank you very much.

Energy for a Secure Future, or ESF, is an initiative focused on building a new conversation about the future of energy in Canada and our potential global role in supporting our international allies with energy security and sustainable development. Our national network includes unions, indigenous leaders, farmers, mayors, industry leaders and others who share a vision for this role for Canada.

I would like to propose three themes for the committee to consider as foundational to Canada's Indo-Pacific strategy. The first is energy security, which is a top priority for our allies. The second is environmental performance and the role of Canadian LNG, and the third is economic growth for our own country.

Since our founding in early 2023, ESF has produced two discussion papers related to our potential global energy role. One focused on how indigenous ownership in the energy space has evolved and is playing a role in a secure energy future. The other was on the value proposition of Canadian LNG export opportunities. Following the launch of these papers, ESF has engaged with members of the diplomatic community in Canada. This includes ambassadors or consuls general of our G7 allies as well as key G7 and G20 partners, including India and South Korea.

What we've heard is that many of our Indo-Pacific allies continue to rely on energy from Russia, despite their desire for alternatives, and all see the potential reliable supply of Canadian liquefied natural gas as beneficial to their long-term objectives around energy security and democratic co-operation.

Here are some figures to consider. Two-thirds of South Korea's electricity generation is provided by fossil fuels, of which 98% are imported. Coal represents 40% of that electricity generation, of which 81% is imported from Russia. India is the third-largest energy consumer in the world and gets roughly three-quarters of its primary energy from coal, petroleum and natural gas.

In the past two years, India has increased its imports of price-discounted Russian energy. What we have heard from them is that buying LNG from Canada is desirable and would be a lower-cost alternative to many, including the United States. This committee has already heard from Japan's ambassador on this subject. They, too, see important value in Canadian LNG for meeting their energy needs.

Today, Canada is not a global security player, and we are excluded from many major initiatives, including AUKUS and the quadrilateral security dialogue. If Canada truly seeks to be a strategic ally in the Indo-Pacific, energy is one of our most potent cards, and it is vital that we listen to our friends in the region when they describe their needs and priorities.

On environmental performance, Canada's climate change objectives, specifically our Paris target, are often used as the reason our natural gas production should not grow or our domestic manufacturers must bear higher energy or carbon costs. While responsive to the Paris Agreement, this target does not move the needle on global emissions, which is the meaningful goal. Papers from the Canadian Chamber of Commerce, the National Bank of Canada and others have highlighted the important environmental role of increased LNG exports from Canada.

The chamber's paper highlights that displacing 20% of Asia's coal-fired electricity with Canadian LNG would reduce global emissions by more than Canada's total GHG emissions in 2021 annually. Analysis from the National Bank of Canada shows that, if Canadian LNG were an alternative to India's current plans to double coal production by 2030, the equivalent of three and a half times Canada's total 2021 GHG emissions would be reduced annually.

This brings me to the third theme, which is domestic economic growth. An effective Indo-Pacific strategy means more high-income jobs for Canadian workers. Earlier this year, I, alongside our partners in Canada's building trades, met with the federal labour minister to convey the importance of LNG jobs to Canadian workers. These are some of the biggest job contracts in the country, and these jobs underpin social mobility in Canada.

Indigenous nations are owners and partners in the export facilities, pipelines and upstream gas production of Canadian LNG. The Cedar LNG project will be the first majority first nations-owned LNG project in Canada's history. Canada's role as an LNG player will meaningfully create prosperity and advance reconciliation for these nations.

● (2030)

Finally, if we want to address the productivity and investment gap in Canada, then we need to be a place that gets things done. Showing focus and commitment in our approach to the Indo-Pacific and delivering for our allies can be an important part of this demonstration.

Thank you.

The Chair: Thank you, Ms. Joseph.

We're going to our rounds of questioning. We have, for our first round, Mr. Chong, and then Mr. Fragiskatos, Mr. Perron and Ms. McPherson.

Mr. Chong.

● (2035)

Hon. Michael Chong: Mr. Chair, I think Mr. Perkins is going to go first.

The Chair: We had Mr. Perkins going second, but if he wants the extra minute then he can go first.

Mr. Rick Perkins: I'm easy either way.

Hon. Michael Chong: I'm happy to go first.

Thank you, Mr. Chair.

Thank you to our witnesses for their opening remarks. I wanted to ask Ms. Joseph some questions. She talked about coal-fired electricity plants in India. We know that the world is burning more coal than ever, particularly in the Indo-Pacific region. China burns more coal than all the rest of the world combined.

The International Energy Agency said about a decade ago that coal burning for electricity production had peaked. They obviously were way too early, because we saw a record high two years ago and a record high last year. On the data I've seen, it looks like 2024 will smash through all records in terms of coal consumption for the production of electricity.

We also know that a kilowatt-hour of electricity produced from natural gas has half the GHG emissions of a kilowatt-hour produced from coal.

Could you tell us a bit about your organization's view as to the importance of exporting LNG from Canada's west and east coasts so that we can displace more coal-fired electricity generation, which accounts for more than a fifth of all the world's GHG emissions?

Ms. Shannon Joseph: Thank you very much.

Yes. Since, in particular, the invasion of Ukraine and the disruption and embargoes on Russian gas supply, the world has been scrambling for natural gas. Part of the driver of that was underinvestment before that invasion happened.

I think there were lots of assumptions about when the use of natural gas or other fuels would peak, but at the end of the day, countries were looking for sustainable baseload, countries in the Indo-Pacific were trying to give more of their citizens access to low-emission...or just energy, period—electricity, period. There are still many countries in the Indo-Pacific with rolling blackouts, India included. That is the role coal has come in to fill. As gas has become less available, coal has gone up.

I think it's a high priority, both from a security standpoint of who's going to be a friend to these countries and from an environmental standpoint, to get more LNG to them.

Hon. Michael Chong: I note that countries throughout the Indo-Pacific region have increased coal burning to produce electricity. I think of countries like Taiwan, which currently burns coal to produce electricity. I think of Japan's energy challenges. I know that the Government of Japan recently instructed large LNG purchasers, I believe Mitsubishi, to secure long-term LNG contracts.

Do you think it should be a foreign policy priority of the whole of the Government of Canada to make the export of LNG to allies and partners across the Indo-Pacific region, such as Taiwan, Japan, Australia and others, a priority?

Ms. Shannon Joseph: I do, and I think it's a priority because the alternative is a rapprochement of those countries to other jurisdictions and a diminished influence for Canada in those regions.

At the end of the day, we have the resource and the capacity as a country to fill those needs, and those countries know it. We don't really have a good reason for not coming in and playing that role, especially when we look at the domestic benefits that include those important reconciliation and job benefits in Canada. There are 77,000 jobs if we build the majority of those projects that we have under construction right now—well, they're not all under construction but in development, such as Ksi Lisims, LNG Canada, Cedar and Woodfibre.

Hon. Michael Chong: Thank you.

I have a question for the Canadian Cattle Association, formerly the Canadian Cattlemen's Association, about what we need to do. What are your recommendations for us to increase beef exports to the Indo-Pacific region?

I referenced in the earlier panel how the Dutch are almost exporting double the number of agriculture and agri-food exports that we are. According to the data I have, they exported 15 billion Canadian dollars' worth of meat last year. We exported \$9.3 billion in meat last year.

What do we need to do to catch up and exceed the Dutch when it comes to exporting meat products like Canadian beef?

• (2040)

Mr. Tyler Fulton: Thanks for the question. I appreciate it.

It's obviously a multi-faceted answer. To be clear, the beef industry in Canada has been challenged over the last three or four years at least with some pretty debilitating droughts. That has really commanded the direction of our cow herd, yet we've been able to make advances in the yield of beef per animal. I would say that investing in those very high-quality trade agreements such as the CPTPP... That agreement has yielded huge benefits to Canadian cattle producers, in particular in markets like Japan and Vietnam, markets with the highest growth potential and ones that we've actually realized over the course of the last five years.

I wanted to just accentuate the fact that it needs to be on the high-quality side. In the alternative, if we don't meet the bar that CPTPP has set, it quite simply amounts to nothing. The details real-

ly are critical. I would focus on a science- and rules-based trade agreement.

The Chair: Thank you, Mr. Chong.

We'll now go to Mr. Fragiskatos for six minutes.

Mr. Peter Fragiskatos: Thank you very much, Chair. Thank you to the witnesses.

Mr. Fulton, I'm interested in what you just said on trade.

Could you expand a little bit more about how CPTPP has helped your sector?

Mr. Tyler Fulton: In particular, the Japanese market is number two on our list of high-value markets of export destinations for Canadian beef. It continues to represent one of the top priorities. In particular, the difference that CPTPP made to that market was that it put us in a better competitive position based on a lower tariff rate than our competitors. Then, when our competitors in some instances were able to meet the same tariff rate, we actually grew demand in that country by virtue of the fact that the landed price of high-quality beef is lower. It's really kind of a multi-faceted thing.

Another destination that I would point to is Vietnam. We really had very limited access to and interest from Vietnam before CPTPP. Now I would count that as really one of the top five destinations for our product.

Mr. Peter Fragiskatos: It's interesting. Vietnam is not frequently mentioned when it comes to powers in that part of the world, but they are really an emerging economy that has done extremely well.

Look, I'm just thrilled to hear that this trade agreement has helped you in the way that it has. Can you go back to the point, though, that you made in reference to my colleague Mr. Chong's questions about science?

I didn't quite get it. You were talking about CPTPP, and I think you were talking about it as kind of like the gold standard for your sector. Then you pivoted to talk about science in some way. I just wanted you to repeat it for my understanding.

Mr. Tyler Fulton: In particular, I referenced in my opening comments the WOA or World Organisation for Animal Health. It sets guidelines on how science should intersect with trade. Those, along with WTO rules, are really what set the stage for a country like Canada, which, arguably, can't wield the political power to access some of these markets. We rely on those rules that define the playing field to be able to access that. If they don't meet those standards.... For example, the U.K.'s desire to ascend to the CPTPP, in our opinion, has not met that standard. This is why we've been very public in opposing their accession to that agreement, because it would diminish the quality, really, of that agreement.

• (2045)

Mr. Peter Fragiskatos: Thank you.

Mr. Lansbergen, thank you very much for being here tonight.

It's a very interesting list of figures you cited, from a data perspective. That's always very helpful to the committee. China is obviously very important for those you represent, but what would happen...?

I'm offering you a hypothetical. From a political perspective, it's never a good idea to answer a hypothetical, so I'm putting you in a difficult position. I'm sure it's the same in your neck of the woods, so to speak. Regardless, I think it is an important and relevant question.

What we heard from the Cattle Association is that relations are troubled right now. There are difficulties in terms of... There aren't just difficulties but huge challenges. There's a huge problem for beef exporters with respect to China for reasons that appear to be quite arbitrary, to put it mildly.

What would happen if China did the same thing to your sector? How would your sector respond? Would you look for and are you actively looking for other markets to prepare for that possibility, should it ever arise?

Mr. Paul Lansbergen: Companies in our sector have been trying to diversify beyond our key markets for quite some time, whether it be in China...or even trying to balance out the importance of the U.S. economy.

When it comes to China, I sympathize with my friends here in the beef sector. During COVID, a lot of our commodity sectors—mine, cattle, beef and pork—were engaged with our government almost on a weekly basis to discuss how China was implementing its new decrees. I think that sets a great example of how we need to respond to circumstances that don't appear to follow the trade rules.

It hasn't worked for beef, unfortunately. We've heard about whether we should file claims with the WTO, but I know from previous experience that it's a long process, and it doesn't yield results right away. The more we can prevent the issues and resolve them through better bilateral relationships, the better—always.

Mr. Peter Fragiskatos: Thank you.

The Chair: Thank you, Mr. Fragiskatos.

Now we'll go to Mr. Perron for six minutes.

[Translation]

Mr. Yves Perron: Thank you, Mr. Chair.

Thank you to the witnesses for being here today. It's a pleasure to see them again.

Mr. Fulton and Ms. Babcock, to draw a parallel, I'm going to talk to you about your access to the European market. Mr. Fulton, you just alluded to it when you talked about Great Britain and its potential membership in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, which would degrade it. We're talking about non-tariff barriers here. That could happen in Asia as well, if we're not vigilant. You just talked about China, which is

still blocking your imports in a totally arbitrary manner, as I understand it.

I would remind you that you were supposed to have significant access to the European market, but that's not working because, among other things, our method of cleaning carcasses is not recognized. When you talk about science, I know that's what you're referring to. There has to be reciprocity of standards, equivalency.

As parliamentarians, what can we do to ensure that developing the Asia-Pacific market will not result in non-tariff barriers? Are there any precautions we can take in that respect?

[English]

Mr. Tyler Fulton: Thank you so much for your question. I'm sorry. I don't understand French well enough to follow you.

I would say unequivocally that the details of these trade agreements matter. Specifically, the dispute settlement mechanisms matter. We've had positive experiences with the WTO's dispute settlement mechanisms in addressing some of these non-tariff trade barriers, and what we have found is that those mechanisms can set precedents that set the tone of trade going forward.

That said, specifically with CETA, from a beef standpoint, that agreement has failed to meet the bar of quality agreements exactly for the non-tariff barriers you mentioned, like carcass washes. We continue to work through some of those details, but to be honest, there seems to be another barrier that comes into play when we think we've just resolved one, so it's frustrating.

• (2050)

[Translation]

Mr. Yves Perron: What more could we do to help you gain access to the Chinese market, among other things?

Do you feel that Canada is defending itself enough under the circumstances? Do you feel that the country is standing strong enough in the face of potentially recalcitrant trading partners? I'm thinking of Europe in terms of non-tariff barriers, and China for its decisions, which seem totally arbitrary.

[English]

Mr. Tyler Fulton: I'll go back to my original statement relating to our suggestion that our industry believes that we should start looking into the possibility of taking trade action against China to address this issue. As I said, we've had experience with this in the past, unfortunately, so we're already starting to have those conversations.

[Translation]

Mr. Yves Perron: If we take measures with respect to China as you suggest, are you not afraid that it will have an impact on other types of production? I'm thinking of the fisheries, for example, which don't have any access problems right now. These are, after all, sensitive issues.

[English]

Mr. Tyler Fulton: Yes, it's very much a sensitive issue. Actually, as part of some of those conversations, we've talked to some of the other commodity groups, agricultural commodity groups, in relaying this concern that we have and appreciating the fact that there is a possible risk associated with that going forward.

[Translation]

Mr. Yves Perron: Thank you very much.

Mr. Lansbergen, you do a lot of exporting, and that's good. That said, it was brought to my attention that it was difficult to get Canadian products on the Canadian and Quebec markets. We were told that it was more profitable to export our products and import products from abroad. Is that correct?

Is there a way to improve the local population's access to your products, which are of very high quality? They're top quality, which is why they sell well.

Mr. Paul Lansbergen: Thank you for your questions.

[English]

Yes, 70% of our domestic market is served by imported product. Salmon is a third of the market, and it's imported farmed salmon. A quarter of it is imported shrimp, which is the larger warm-water species, whether it be wild or farmed. Certainly, on that one, we need to encourage Canadians to eat the smaller cold-water shrimp. Tuna is the next largest product by volume, and we don't have a large tuna fishery in Canada.

Over the last two years, we have had a national marketing campaign to try to encourage Canadians to eat more Canadian seafood and broaden their appetite to include more of the species we have here in Canada. It's a never-ending process.

• (2055)

The Chair: Thank you very much, Mr. Perron.

Let's go, then, to Ms. McPherson for six minutes.

Ms. Heather McPherson: Thank you very much, Mr. Chair.

Thank you to the witnesses. Thank you for all of your information so far today. This has been very interesting.

There is just one point that I would point out to Mr. Lansbergen. I know that there are some products that are very difficult for Canadians to access. Dungeness crab is one of the ones that I've heard about multiple times from people, from producers on the west coast. They say that it's much more profitable for them to send those products abroad.

I'll start with you on some of my questions. With the Indo-Pacific strategy, we do have an Indo-Pacific agriculture office that has been set up. There are funds that have been allocated to it. It's a five-year agreement that's been put into place. This was just started this February. There is no similar office for the blue economy, which we have as a priority within the Indo-Pacific strategy.

What would it mean to your sector to have that be part of the Indo-Pacific strategy, part of the commitment that Canada is making in the region?

Mr. Paul Lansbergen: Thank you for that question.

In terms of the Indo-Pacific strategy and certainly Agriculture Canada's role, and with the new office in Manila, it does include all agri-food, including fish and seafood, so we will be benefiting from their activities. Yes, we may be in some ways a poor second cousin, a small part of the broader agri-food. We understand that, but we will have access to their attention and services.

On your point about domestic supply, it is true that we export some of our products to global markets because there's a better price. Unfortunately, Canadians are quite price sensitive when it comes to fish and seafood.

Ms. Heather McPherson: Thank you.

Mr. Fulton, I'll ask you a very similar question on the IP agriculture office. Have you seen benefits from that so far? Do you see that as providing something that you need? As well, what can we do? What recommendations would you make to ensure that it's meeting the needs of your organization better?

Mr. Tyler Fulton: Absolutely. Just to reference some of our own data with respect to market development, we see that for our own producer dollars put into it, we get a payback of 5:1. The way I think I see it is that we see these offices really as a way to further leverage some of those investments that we're already making and to really help address issues as they come up.

I will say that I think it's critical to view it as access to the whole region. For example, we see South Korea as one of the top priorities in terms of opportunities for expanding the market share of Canadian beef.

Ms. Heather McPherson: Thank you, Mr. Fulton. As you may know, I'm an Albertan. Obviously, beef is a big part of that. I should actually mention that somebody just let me know that the Oilers are up two to nothing, in case anyone is interested in the playoffs.

When I think about Alberta, though, and the involvement of our beef industry, I wonder if one thing that the agriculture office could do better would be to provide more opportunity for provincial governments to engage better across the country, and obviously for those that are more affected, within that office.

Is that something you could see the federal government having a role to play in?

Mr. Tyler Fulton: Honestly, we're at such an early stage in the announcement of the use of that office that I think it's kind of too early to tell. What I will say is that I'll echo the comments I heard earlier from our colleagues in the canola industry. This region is built on long-term relationships. A term agreement of this office being in place for five years just likely scratches the surface in terms of being able to really benefit from its investment.

• (2100)

Ms. Heather McPherson: Really, the idea is that it be long term. I would assume that there could be nothing but benefit in ensuring that other levels of government are able to access those same resources and build those long-term relationships.

Mr. Tyler Fulton: Yes. I think that's fair to say. I will say that it's very common to see disruptions to trade. It impacts different parts of the country differently. We really pride ourselves on being able to pivot to really optimize the situations and conditions we're dealt with.

Ms. Heather McPherson: Thank you very much.

That's all for me, Mr. Chair. Thank you.

The Chair: Thank you, Ms. McPherson.

We'll now go to Mr. Perkins for five minutes or less.

Mr. Rick Perkins: Thank you, Mr. Chair. I'm used to seeing you over on the other side in the fisheries committee.

For those who don't know, I represent one of the most important fishing ridings in the country, in my view—and I think it's statistically true—the south shore in Nova Scotia. Everyone who knows that will be shocked, I think, to learn that most of my questions here are for Mr. Lansbergen, who is a regular at the fisheries committee, where I'm a member.

Eighty per cent of what we catch in wild seafood is exported. Seventy per cent of what we consume is imported. That seems to be a strange combination that we all we all grapple with, but there is obviously a high demand in Asia for our seafood products and it has grown over the years.

I'd like to talk just a bit about that challenge on diversification, because as China in particular engages in buying up businesses in Canada and everywhere in the world, one of the ways that they're getting access to our seafood products is by buying up those who buy the fish from the fishermen, so that they can control where it goes when it's being exported. We have a particular challenge in Nova Scotia, where they also control the live seafood export facility at the Halifax airport, run by First Catch.

I'm just wondering. As one of the spokesmen for the industry that's so important, Mr. Lansbergen, how can we can diversify within the region when one particular member is actually doing an end run around it and trying to get control of the supply chain in Canada and we're letting it happen?

Mr. Paul Lansbergen: That's a very good question.

In terms of diversification, in our sector, more than many others, the customer-supplier relationship really is so personal. Others have talked about the long-term benefits of having an office in-country. Many of our bigger companies have salespeople in-country: in China, the U.S., Japan, Europe and other countries in Asia. We need to do that more. Some of it is through marketing agents as well. Some of our members are travelling months and months in a year to meet with their customers. I think that is really important.

On how we manage China or other companies, whether they be state-owned companies or not, how they buy up and invest in our industry needs to be balanced. Sometimes, regardless of how

they're owned, companies are good actors. Others are not. We have to balance that with the rules that we have in place. The Canada investment act might not necessarily be good enough for our sector.

Mr. Rick Perkins: You should know that we've changed, thanks to the amendments I made to the Canada investment act that have just been proclaimed. On the threshold for state-owned enterprises for countries that we don't have a bilateral relationship with, the threshold for review by Investment Canada is now zero dollars. In other words, every acquisition can get reviewed.

Were you consulted or was your organization consulted on the development of this strategy?

Mr. Paul Lansbergen: On the Indo-Pacific strategy...? Yes.

Mr. Rick Perkins: Do you see any of what the industry needs reflected in the strategy?

• (2105)

Mr. Paul Lansbergen: Really, I think the difficult part for us—because for agri-food, a lot of the strategy was driven by Agriculture Canada—is that seafood is a small part of the broader portfolio. We were very pleased to be consulted and to be invited to participate in the industry working group.

Mr. Rick Perkins: Illegal, unreported and unregulated fishing, particularly in the international oceans, is a major issue, particularly in Asia. How is it possible to have a successful Indo-Pacific strategy if the countries from that region are breaking most international rules in their fishing in international waters and in what they do with that product?

Mr. Paul Lansbergen: To really tackle IUU fishing... We recognize that there are definitely hot spots, much as you just said. It's multi-faceted, and it takes every country and certainly every major seafood-consuming jurisdiction to use multiple tools to address that, whether it be the port state measures act or other specific issues to really try to prevent IUU products from getting into the market.

Mr. Rick Perkins: Does the strategy address that at all?

Mr. Paul Lansbergen: I'd have to take a closer look, but I think it would be a minor part of the overall strategy because, again, seafood is a small part of it. There are other tools that governments have.

The Chair: Thank you, Mr. Perkins.

It looks like we'll have to have Mr. Lansbergen come back to our committee and have this discussion a little further then.

Let's go to Mr. Erskine-Smith for five minutes.

Mr. Nathaniel Erskine-Smith: Thanks very much.

I will ask my questions of Ms. Joseph. I want to get at the role of LNG in your view—and I suppose natural gas in general—not just in the short term but the long term. When we talk about a business case for natural gas, are we talking about it in the context of a net-zero world?

Ms. Shannon Joseph: Yes. Japan has very similar climate targets to Canada, as does South Korea. However, as I pointed out in my comments, those are countries that import close to 90% of their energy, and for them security of supply is a huge issue. While all of them are looking at diverse energy sources—like integration of wind, solar, etc., and the integration of hydrogen—the supply isn't there yet. Renewables need to be backstopped—

Mr. Nathaniel Erskine-Smith: I'm not talking about the next few years. Security in the short term is different from net zero in the long term, so when we think of a net-zero world by 2050, what role do you see for natural gas?

Ms. Shannon Joseph: I don't think 2050 is that “long term” away in terms of how fast energy systems change. Canada has increased its electricity supply domestically by 9% between 2005 and 2022. Some of these countries, as I mentioned, are just trying to get their societies electrified, period, let alone electrifying sectors that have never been electrified and maintaining affordability of energy, etc.

I don't think 2050 is the timeline for natural gas to not be needed. It's still going to be critically important, including for the integration of renewables.

Mr. Nathaniel Erskine-Smith: On that—this is not me saying this—the International Energy Agency has three different scenarios. It has a stated policy scenario, in which case we see an increase. If just the policies that are announced and are in place today stay, then we're going to see an increase in natural gas from 3,900 billion to 5,700 billion cubic metres by 2050. In the announced pledges—though the countries that have just announced their targets have to implement them—we see a slight increase and then flatlining all the way to 2050. We don't see a major increase to 2050, but this is what I want to ask you about.

In the net-zero scenario we see a 55% decline in natural gas demand. What do you make of that?

Ms. Shannon Joseph: I think that's a model of what a world could look like in one version of getting to net zero, and that's true for the Canada Energy Regulator scenario as well, but those scenarios also anticipate an overall decline in energy use, which we are not on track for, especially as, you know, the continent of Africa—

• (2110)

Mr. Nathaniel Erskine-Smith: No, but our being on track to something is different from getting to net zero. We are not on track to getting to net zero. However, this is, I think, the core question: If we work towards a world that is net zero and are committed to that, what is the role for natural gas?

If you disagree with the IEA, it's not a 55% decline. What decline is it, in your view?

Ms. Shannon Joseph: I don't know what the number is. The number is going to depend on alternative sources of energy being available to countries to provide their populations with affordable

energy, and until those other sources of supply ramp up, it's a guess. The IEA is guessing too.

Mr. Nathaniel Erskine-Smith: That's not an answer on net zero. Isn't that right? You're talking about practical—

Ms. Shannon Joseph: It's an answer on net zero talking about the things energy needs to deliver for people, and the IEA's projecting that. I don't have the answer to what the world—

Mr. Nathaniel Erskine-Smith: That's not an answer on net zero. It's an answer to delivering affordable energy, potentially, but it's not an answer to net zero.

Now, what the IEA says is that the electricity sector will be the first to achieve net-zero emissions, mainly because of the low cost, widespread policy support and maturity of an array of renewable energy technologies. Electricity renewables are going to make up 90% by 2050 in the IEA's analysis. It's hard for me, I suppose, to take altogether seriously the role that natural gas has to play by 2050 if I'm looking at modelled costed numbers from the IEA and the answer back on your end on whether there's a business case is to say, “But we don't know.”

Ms. Shannon Joseph: I would point out that it's modelled.

When you look at what's actually happening in the world—how fast you can do renewables penetration, the availability of batteries that deal with intermittency.... You can't do that. I don't know. It's 25 years—

Mr. Nathaniel Erskine-Smith: Then you don't believe in a net-zero world.

Ms. Shannon Joseph: There can be a net-zero world. I don't believe in your description.

Mr. Damien Kurek: I have a point of order, Chair.

The Chair: There are two things.

First of all, when you both talk at once, it makes it impossible for our interpreters to keep up.

Secondly, Mr. Erskine-Smith, you are out of time.

Let's go to Mr. Bergeron for two and a half minutes.

[*Translation*]

Mr. Stéphane Bergeron (Montarville, BQ): Thank you, Mr. Chair.

It was quite hard to attend that meeting and not be able to speak. I'd like to thank my colleague Yves Perron for joining me for this meeting that deals more specifically with agricultural topics of interest, for which he is our party's critic and in which he is an expert.

I would like to go further with the question he asked Mr. Lansbergen about the fact that, in many cases, producers prefer to export their products rather than sell them locally.

First, what can be done to counter this situation?

Second, we know that a lot of products are consumed in Asian countries but we don't consume them here and they may be thrown into the ocean or simply thrown away. How can we further develop markets for products that are less popular in the west, but that may be very popular in the east?

Mr. Paul Lansbergen: Thank you for the question.

[English]

It's a difficult one.

Our sector is so fragmented and diverse, and with so many different species, that it's very difficult for us to come together to have a national marketing campaign, much like you see with milk, chickens or eggs. We're not supply-managed either, so we don't have a marketing levy that supports the marketing efforts.

Sometimes we rely on partnerships with some of the retailers to promote domestic products. Metro has a big presence in Quebec and markets Quebec products—you know, like *produits d'ici*.

When I see those flyers and in-store, I'm proud of them. We need more of that, but it's a whole supply chain issue.

The Chair: Thank you, Mr. Bergeron. That is your time, sir.

We'll go to Ms. McPherson, now, for two and a half minutes.

Ms. Heather McPherson: Thank you very much, Mr. Chair.

I'd like to continue on with some of the questions my colleague Mr. Erskine-Smith has been asking of Ms. Joseph.

It's interesting for me, as well, to listen to this back and forth, because I was part of a delegation that went and met with the German government last year. They spoke about their desire for Canadian natural gas, but they also spoke about that as a short-term thing they needed to help with the crisis in Ukraine and the illegal invasion by Russia. It wasn't a long-term goal for them. Long term, they have much more interest in hydrogen and renewables, and much less interest in gas. However, building the infrastructure so we can actually develop those relationships over natural gas takes a very long time and is extraordinarily expensive. If we had it now, that would be one thing. Without it, I'm cautious about the idea.

You're Energy for a Secure Future, but it doesn't seem like you have as much openness to renewable energy and the various forms of hydrogen. How does this fit into energy for a secure future in the region?

I also want to point out that it feels to me as if we can't look at energy transition as a straight trajectory. There is going to be a difference in how renewables and actual clean energy come online. I agree with you that we need energy for the world.

I'm wondering if you could respond to that.

• (2115)

Ms. Shannon Joseph: I agree 100%. I've heard those same things from Germany.

Every country's approach to achieving both its energy goals and emissions targets is going to be different, and every country is starting somewhere different. I think we're very neutral as to how that's done. There are people within our network with a focus on hydrogen. There are people within our network with a focus on various types of energy overall.

I spoke a lot about LNG because I think it is the resource we have that has the capacity to meet the thing that is backstopping renewables now in Canada and internationally. That's something Robert Johnston from Columbia University has highlighted. It supports the transition.

LNG is something that people are signing contracts for into that time frame of 2050. Is it for our LNG or someone else's? Are they going to be looking for a baseload from other jurisdictions that are not us? Are they going to use more coal, which is what a lot of these countries have done, including Germany?

Ms. Heather McPherson: Could we help them invest more in actual green energy and actual renewables that would help get those countries...and provide those opportunities for Canada as well?

The Chair: We will have to leave the answer to that.

Ms. Heather McPherson: I realize I am out of time. I have a short window.

The Chair: As the evening goes on, everybody gets more energetic. This is very good.

This is what we're going to do in the time remaining. We'll go to Mr. Kurek and Mr. Oliphant, and then back to Mr. Bergeron and Ms. McPherson to round it up.

Mr. Kurek, five minutes go to you, sir.

Mr. Damien Kurek: Thanks very much.

Ms. Joseph, I really appreciate what you've shared here, because it's reasonable and realistic in terms of talking about an energy future that is based on what the world needs—not a pipe dream or a fantasy. I regret that quite often that seems to be what bleeds from other political parties across the aisle.

I want to ask you very specifically, when it comes to reducing global emissions, is there a case for Canadian LNG to be part of that solution?

Ms. Shannon Joseph: Yes. Because the world has been increasing its use of coal, and it's increasing its use of coal because it wants a high-volume, low-cost source of energy, the alternative to that, which has a lot of the same characteristics but half the emissions, is natural gas.

LNG from Canada would be made with some of the highest methane and some of the highest emissions mitigation. Many of the projects that are coming online are going to be electrified. The lowest emissions in how it's produced is going to displace these higher-emitting fuels, which these countries continue to use.

As I said, India has plans to double coal production by 2030, which is all for electricity generation. That means major emissions increases—much more significant than Canada's emissions—and we have to look at what role we can play in that.

Mr. Damien Kurek: The way I see it, Canada can be left behind and the world's environment is worse off, or we can lead the world by making sure that we can get our energy to market.

Specifically when it comes to hydrogen, I think there's this misnomer that it's hydrogen or natural gas. Can you comment on that? It's not a binary thing, but it's hydrogen and natural gas. Could you comment on that quickly?

• (2120)

Ms. Shannon Joseph: It's absolutely hydrogen and natural gas. Some of the first hydrogen that's going to come on to the market and is starting to be developed in projects, including in Alberta, is blue hydrogen in projects that benefit from the carbon capture capacity, resource and geology, and can be exported as ammonia. That's an option that also exists in the east, if people want to pursue it. In eastern Canada, there are a lot of goals around green hydrogen and the use of wind to produce that.

There is no and/or, because the goal is more. What is going to fill that need for human access to affordable, reliable energy that countries are not compromising on?

Mr. Damien Kurek: I appreciate that. "The goal is more" is a great message that I hope my colleagues are listening to.

I have one quick, final question, and then I hope to get to my friends at the Canadian Cattle Association.

Much of the tech associated with clean tech or green tech—however it is defined—is produced in jurisdictions with very poor environmental records. Are we accurately accounting for the emissions that go into the production of that technology?

If you can, answer in about 10 or 15 seconds. I'm sorry it's short.

Ms. Shannon Joseph: I don't think there's a lot of discussion about the supply chains and the environmental impacts, not just in terms of emissions but also in terms of water pollution, land and mining. There are a lot of environmental impacts associated with it.

Mr. Damien Kurek: I hate to cut you off, but let's just leave it there and say that more needs to be talked about.

This is for my friends at the Canadian Cattle Association. In the last minute or so, can you talk about the WTO and other trade challenges? Specifically, as a starting point for that, when the interim agreement with the U.K. was signed, one of your American counterparts' comment to me was that you all got screwed. This was at the same time that the Liberals were celebrating the accession of this agreement.

I'm wondering whether, in the last 60 seconds or so, you can talk about some of the trade challenges that exist and the role that the

WTO can play in terms of helping to mitigate some of those challenges within your sector. Can you broaden it with your knowledge more generally as well?

Mr. Tyler Fulton: As I said, we've utilized the WTO dispute settlement mechanism. We have a precedent in one particular instance that we can and do reference when dealing with our trading relationship with, really, our largest partner. That's one scenario.

Another scenario is really addressing some of these challenges, these non-tariff barriers, right up front on initiation of these agreements and working, obviously, very much in part with our trade negotiators to ensure that our concerns are being heard and that we're really being represented in a fair agreement.

The Chair: Thank you, Mr. Fulton and Mr. Kurek.

We'll now go to Mr. Oliphant for five minutes.

Hon. Robert Oliphant: I'm actually going to pass on my time. I've actually lost the thread of this as the Canada-China committee and particularly on the Indo-Pacific strategy. It has lost relevance for me at this point, and I'm just going to pass on my time.

Thank you.

The Chair: All right. That's very good.

We will wrap up, then, with Mr. Bergeron for two and a half minutes and with Ms. McPherson for two and a half minutes.

[Translation]

Mr. Stéphane Bergeron: Thank you, Mr. Chair.

I'd like to give Mr. Lansbergen an opportunity to answer the question about products that are less popular in the west but can find a market in the east.

[English]

Mr. Paul Lansbergen: Yes, we do have a variety of different products—for example, clams, whether they be Arctic surf clams in the east or geoducks in the west. We need to have more promotions of those products so that Canadians can taste the great seafood that we have across all of the different species.

We had a national marketing campaign over the last two years to promote the variety of species. The website is still live. It's chooseseafood.ca. "Smarter Meals Out of the Blue" is the tag line. We profiled a number of different species to Canadians, largely millennials in large urban centres because that allowed us to get the most efficiency with the dollars we had available.

• (2125)

[*Translation*]

Mr. Stéphane Bergeron: How can we further develop Asian markets for these products?

[*English*]

Mr. Paul Lansbergen: In Asia, certainly the new office is a great start, as well as the offices from EDC that will help exporters facilitate some of the shipments. We have the federal government and the provinces participating in trade missions.

I think we need federal and provincial elected officials to also go to these trade missions and trade shows. In Boston, back in March, we had three federal ministers, four premiers and their fisheries ministers, and a fifth fisheries minister all present at the Boston seafood show, which is for North America. If we could get even a part of that representation at Asian trade shows, then I think that would be helpful as well.

The Chair: Thank you, Mr. Lansbergen.

As a side note, this committee will discuss, in fact, in the fullness of time, perhaps a bit of travel to some of the locations in which we're attempting to build markets. We will be talking about that in the future, I'm sure—in the not too distant future, in fact.

To wrap us up, we'll go to Ms. McPherson for our final two and a half minutes.

Ms. Heather McPherson: Thank you very much, Mr. Chair.

Thank you to the witnesses, one more time, for being here.

Mr. Fulton, is there anything that you would like to see in the final report from this committee on the Indo-Pacific strategy?

I'll just go through all of the witnesses.

Mr. Tyler Fulton: Specifically, with respect to any future trade agreements, it's a focus on science- and rules-based trade, as I've referenced before. It's critical to ensure quality for industry.

Ms. Heather McPherson: That's wonderful. Thank you.

Mr. Lansbergen.

Mr. Paul Lansbergen: We have a good start with the Indo-Pacific strategy. We need to continue implementing it and make sure it's long term. Five years isn't enough.

Ms. Heather McPherson: There should probably be more investment in that, too. Thank you.

Ms. Joseph

Ms. Shannon Joseph: I think LNG needs to be integrated as a priority into how Canada wants to engage in the Indo-Pacific. On the emissions side, there are lots of opportunities for us to work either within mechanisms like article 6 of the Paris Agreement or bilaterally with some of those Asian partners on how those emissions and those emissions reductions are recognized. All of that is part of a full picture that can be the LNG value proposition.

Ms. Heather McPherson: Certainly, we need to recognize that the world needs climate action. That's probably a good place to end today.

Thank you, Mr. Chair.

The Chair: Thank you, Ms. McPherson, and thank you to our panellists. We've actually had a very full meeting. It's amazing how fast three hours can go.

I'd like to thank our clerk, our analysts, our interpreters and all our support staff for making this a very interesting evening.

The meeting is adjourned.

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