



ASSOCIATION OF  
EQUIPMENT MANUFACTURERS

AGRICULTURE  
CONSTRUCTION  
FORESTRY  
MINING  
UTILITY

## The Standing Committee on Agriculture and Agri-Food Study on the Advancements of Technology and Research in the Agriculture Industry that can Support Canadian Exports

Presentation by:  
Association of Equipment Manufacturers

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Thank you Mr. Chair, honourable members of the Committee and staff for providing the Association of Equipment Manufacturers with the opportunity to address you this afternoon.

As an introduction, allow me to first say a few words about the member companies of the Association of Equipment Manufacturers (AEM). AEM is a trade association representing manufacturers of agricultural, forestry, construction and mining equipment. Members include larger equipment makers – such as Case IH and John Deere – as well as very successful Canadian manufacturers like MacDon and Buhler of Manitoba, Honey Bee and Seed Hawk of Saskatchewan, Agri-Trend and Groundworks Safety Systems in Alberta. In total, AEM represents approximately 900 members in Canada and the U.S.

This afternoon I would like to touch upon three subjects:

- The importance of trade as an engine of growth for agriculture;
- Innovative achievements of Canadian equipment manufacturers; and,
- Challenges facing equipment manufacturers today.

### **International Trade and Canadian Exports**

Technology plays an important role in increasing sustainable measures in agriculture and environmental protection. AEM is supportive of the government's goals, announced in Budget 2017, to reach \$75 billion in agri-food exports annually by 2025.

As well, in 2016 the Advisory Council on Economic Growth led by Dominic Barton identified agriculture and agri-food as a sector of great economic growth potential.

At a Canada 2020 event on June 1<sup>st</sup>, 2018, Dominic Barton shared McKinsey Analytics<sup>1</sup> research identifying a number of growth opportunities where agri-business investment is likely to focus. The four areas of greatest growth opportunity include: protein in Asia, functional foods, aquaculture and Agriculture Equipment.

Given these global growth opportunities, Agriculture Equipment and the agriculture sector as a whole will continue to be key for future Canadian economic growth.



The Council recommendations also advised the government to begin developing strategies to clear a path for growth of high-potential sectors like agriculture. In order to achieve these goals, the government must be committed to setting strategic goals for the Ministers of Agriculture and Agri-Food, Health, International Trade, and Environment and Climate Change between now and 2025. Measured, performance targets – such as employment and exports – across departments will be necessary for these goals to become a reality. Indeed, performance measurement is one of the principles of the Canadian government’s “Policy on Results” directive<sup>2</sup>.

AEM member companies operate and export globally. Therefore, international trade and continued regulatory alignment between Canada and the United States continues to be a priority for AEM members. AEM continues to be a strong supporter of NAFTA, and is advocating for a modernized agreement in both the United States and Canada. AEM continues to spearhead industry efforts to discourage tariffs which will harm not only manufacturers, but our customers. It is of vital importance to our industry that farm equipment works seamlessly across the Canadian-American border, and manufacturers are able to freely export products to other markets.

### **Canadian Innovation**

Innovative technologies integrated into farm equipment have helped increase agricultural productivity while making the industry more sustainable than ever. Canadian farmers rely on the equipment designed and developed by AEM members to have access to clean technologies and innovative tools to reduce greenhouse gas emissions (GHGs) from agricultural production.

Members of the Committee will have seen first-hand during their tour of the CNH Saskatoon Plant how this investment in innovation makes its way to the shop floor and into the equipment. Modern manufacturing processes now allow for the production of equipment that is unique to the farmer’s individual needs.

### **Challenges Facing Equipment Manufacturers today**

In order for Canadian innovation in equipment manufacturing to continue to grow, Canadians need access to broadband in rural and remote parts of the country. Today, rural broadband deployment across the country does not meet the high data transmission requirements of precision agriculture and other data rich services deployed by farmers.



Canada's agricultural competitiveness depends on the increased and enhanced broadband services to rural communities. In April 2018, the Standing Committee on Industry, Science and Technology published a report on this subject.

AEM supports the recommendations put forward in April 2018 by the Standing Committee on Industry, Science and Technology for Innovation, Science and Economic Development Canada, to develop a comprehensive rural broadband strategy in collaboration with key stakeholders. Rural broadband is key for Canadian farmers and ranchers to be globally competitive and is necessary to level the playing field with other farmers and ranchers in other countries.

Equipment manufacturers throughout North America are intently focused on the skills gap confronting the agriculture, construction, and utility sectors, both in filling the pipeline for positions on the shop floors of their companies, but also on the end user side for equipment service technician and operator careers.

AEM supports policies that incentivize equipment manufacturers to engage in workforce development activities at the local level in order to highlight for students, teachers and parents the dynamic and well-paying jobs and careers that exist within the manufacturing sector as well as in those sectors our members support, such as agriculture.

Another challenge facing equipment manufacturers is access and use of the Scientific Research and Experimental Development tax incentive program. This federal tax incentive is designed to encourage Canadian business to conduct research and development in Canada.

While AEM is supportive of these goals, few AEM members use the program, because the submission process is overly difficult and cumbersome. The cost effectiveness of the program has been diminished because of administrative burden placed on the applicants. The Canada Revenue Agency should be encouraged to root out the problems that discourage companies from using this program.

## Conclusion

Thank you for undertaking this study and your consideration of AEM's submission. We look forward to your questions.

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<sup>1</sup> Source: Global agriculture's many opportunities. McKinsey on Investing Number 2, Summer 2015 (page 63).

<sup>2</sup> <https://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=31300>