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Mr. James Bezan

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• (1530)

[English]

The Chair (Mr. James Bezan (Selkirk—Interlake, CPC)): I call this meeting to order.

Mr. Bellavance.

[Translation]

Mr. André Bellavance (Richmond—Arthabaska, BQ): Mr. Chairman, before we begin, I would like to draw your attention to the fact that on the orders of the day, there are two notices of motion. Then, we are to hear from witnesses. Given the fact that at our last meeting there was a great deal of discussion on notices of motion that did not result in a vote—that can happen from time to time—I fear today's discussions may drag on and we may not be able to hear from the witnesses.

Some witnesses are from Quebec. They are agricultural producers. Out of respect, I would like us to invert our orders of the day. We could hear from the witnesses first and then discuss notices of motion.

As for the other scheduled witnesses representing the department, since they are from Ottawa, it is easier to connect with them. So, I would suggest we spend the first hour hearing from the agricultural producers on the matters we want to discuss and that we discuss the motions during the second hour.

I personally have nothing planned for tonight. If you want to go on until 2 a.m., that is not a problem for me, but at least, we will have heard from the agricultural producers who travelled here to present their testimony. If we don't have enough time to hear from the departmental officials, we could set aside some other time, outside of regular committee hours as we've done for Mr. Miller's witnesses, or we could add another hour to one of our regular meetings for that purpose.

If we were to divide the committee's time in half this way, we could meet the needs of all committee members.

[English]

The Chair: Are you making a motion to amend the agenda?

[Translation]

Mr. André Bellavance: If I must do so, yes. We could proceed in this manner.

[English]

The Chair: Okay.

Mr. Hubbard.

Hon. Charles Hubbard (Miramichi, Lib.): Mr. Chair, are we saying one hour for the second item on the agenda?

The Chair: Yes.

Hon. Charles Hubbard: One hour.

The Chair: That's what they are on for right now. Or do we have them all at one time?

Hon. Wayne Easter (Malpeque, Lib.): No. Mr. Chair?

The Chair: They're not listed as to time. We have all the witnesses listed as one group.

Mr. Easter.

Hon. Wayne Easter: I think, Mr. Chair, André's concerns are right. If we can work out an arrangement whereby we hear the witnesses for the first hour and then move to motions, that would be agreeable to us. We know that the government seems to be on a trend of government members filibustering, and we think that's what will happen with the parliamentary secretary today—

Hon. Charles Hubbard: Oh, now, I don't know.

Hon. Wayne Easter: —so we would agree to the first hour for witnesses, either by motion or by agreement.

Hon. Charles Hubbard: Is that for the witnesses under item number two?

Hon. Wayne Easter: Under item number two.

The Chair: So we'd make number two number one, and number one would become number two.

Mr. Anderson.

Mr. David Anderson (Cypress Hills—Grasslands, CPC): I will just make the point that I want to thank Mr. Bellavance for having the courage to take this position, because if he did not do this, we would not get cooperation from either the Liberals or the NDP to do it. He has stepped forward and suggested this, and so for Wayne to suggest otherwise is ridiculous, but we would go along with his suggestion.

The Chair: Is there agreement, then—?

• (1535)

Hon. Wayne Easter: Mr. Chair, I take issue with that. I have said we agree here.

The Chair: Okay, I—

Hon. Wayne Easter: We talked with André beforehand. The government is responsible, and they're the ones that are doing the filibustering—the government, for Pete's sake.

The Chair: Mr. Angus.

[Translation]

Mr. Charlie Angus (Timmins—James Bay, NDP): I support my colleague's position, but we need to have sufficient time to address this motion.

[English]

I would say, whether it's an hour or half an hour, it's not a problem.

The Chair: Let's move on, then. Since we have agreement around the table, we'll switch item one and item two.

I'd like to call our witnesses to the table right now. Thanks a lot for appearing today to talk about the issues on the egg and chicken import situations.

We welcome to the table Martin Dufresne, from the Fédération des producteurs de volailles du Québec. From the Chicken Farmers of Canada we have Urs Kressibucher and Mike Dungate. From the Canadian Egg Marketing Agency we have Laurent Souigny. From the Fédération des producteurs d'œufs de consommation du Québec we have Serge Lefebvre and Serge Lebeau.

Martin, please kick it off with your opening comments.

To each group, please keep your comments to ten minutes or less so we have more time for questions and answers.

[Translation]

Mr. Martin Dufresne (President, Fédération des producteurs de volailles du Québec): Thank you, Mr. Chairman.

My name is Martin Dufresne, and I am the President of Éleveurs de volailles du Québec. I live in Saint-Félix-de-Valois, northeast of Montreal, where I produce poultry and eggs on a family farm, which has existed for generations. Like all Canadian poultry farms, this operation owes its existence and prosperity to supply management.

As you already know, supply management relies on three pillars: import controls—the two other pillars could not exist without this one—implementation of a level of production that corresponds to market needs, which in turn allows for the third pillar, namely adequate remuneration for all links in the chain, including producers and processors.

Supply management is a social covenant, in accordance with which consumers give the industry—producers and processors—the assurance that they will be the poultry suppliers for the Canadian market, in exchange for a stable and abundant supply of quality products at a reasonable cost.

Under international trade agreements, the threshold for Canadian imports is 7.5% of the previous years' production. This represents 72.8 million kilograms in 2007.

Of all industrialized countries, only Russia, Japan, the European Union and Hong Kong imported more than Canada in 2006. In spite of the social covenant that is the Canadian supply management system, the Canadian poultry market is clearly already quite open.

And yet, the Minister for International Trade, as a result of his decision on tariff quotas in 2007, is opening up the Canadian market even more. While the tariff quota should be set at 72.8 million kilograms, the Minister has authorized an import quota of

81.5 million kilograms for the industry as a whole. In other words, the threshold has been increased to 8.4%.

What is the reason for this decision? In our opinion, the 13% rule is much too flexible and comprises a significant loophole. Development and marketing of new products have given the industry a chance to adapt to the new regulations.

Allow me to explain what the 13% rule is. Chicken breasts to which bacon has been added are a good example: a chicken breast, which is slated to be prepared as tournedos, which contain only 13% bacon, are no longer subject to import regulations. Yet, the product contains 87% chicken and is considered a direct substitute for the type of chicken breast normally consumed by many Canadians and Quebecers.

The potential shrinkage of the Canadian poultry market as a result of the arrival on the market of new products made with imported meat calls for some adjustment to the regulations. Import permits for products that could compete could be issued in order to give Canadian businesses the chance to compete with certain foreign products currently available on the Canadian market. In the case of chicken tournedos, for example, there is no real market competition for products of this nature, since neither Brazil nor the United States produce or sell chicken tournedos at present. However, those countries could easily enter the market because of the generous 13% rule.

All in all, a product that faces no true competition on the market, or faces only marginal competition, can be made with a chicken breast produced abroad and processed in Canada. Each chicken breast imported into Canada is one less from Canadian producers.

The products in question have been specifically introduced to bypass import rules, at the expense of chicken production in Canada.

They meet neither the spirit nor the letter of the social covenant that is supply management. Who benefits from this situation?

Certainly not producers, who are kept from producing 8.7 million kilograms. Not consumers either, because if these products were not imported, they would be produced here. The supply and demand situation would be identical in both cases.

● (1540)

The only party that stands to gain from higher import levels is the industry, by virtue of the profits that will be generated.

Canadian society comes out on the losing end. It deprives itself of economic activity, to the benefit of a minority.

The imported meat provides no comparative advantage to the meat produced in Canada. Production could very well occur here in Canada.

It is imperative that the Government of Canada assume its leadership role and enforce previously agreed to trade agreements. Recourse to Article 23 could result in changes to Canada's commitments with regard to the WTO. We believe this option should be explored in order to cap chicken content at 20% in non-quota import products, rather than leaving it at the current 87%. In fact, a broad coalition of industry representatives, growers, processors and further processors supports this demand.

This condition is essential to the maintenance of supply management systems, as well as to our commitment to the social covenant.

Thank you.

[English]

The Chair: Merci.

Urs, you're next.

Mr. Urs Kressibucher (Second Vice-Chair, Chicken Farmers of Canada): Thank you very much.

In public school my teacher told me that repetition is a good way of teaching, so I'm going to repeat some things that Monsieur Dufresne has said today, and hopefully some of it will stick.

My name is Urs Kressibucher. I'm second vice-chairman of Chicken Farmers of Canada. I farm and reside in Beaverton, Ontario. I have a mixed farming operation, which consists of chicken farming and grains and oilseeds. I have my feet on both sides of the fence, so to speak, when it comes to farming.

Rather than repeat a lot of what Martin has said, I'm going to skip forward to my presentation and talk about the 13% rule.

The root of our problem in the chicken industry is the absurd 13% rule defining products that are not subject to the import controls, i.e., non-ICL products. The genesis of this 13% rule stems from the conclusion of the Uruguay Round, when Canada's WTO schedule of commitments was created with the intent of reflecting Canada's existing concessions under the Canada-U.S. Free Trade Agreement.

Unfortunately, the phrase "lost in translation" applies here, as the 13% rule has a much broader definition than the Canada-U.S. Trade Agreement non-ICL list.

With the creativity of the industry, meat products were introduced by adding items such as bacon or vegetables to a chicken breast, for example. This made the standard chicken breast no longer subject to import control, simply because 13% of another ingredient was added.

Consequently, the 13% rule has resulted in an expansion of a variety of non-ICL products. If a manufacturer's recipe conforms to the 13% rule, regardless of whether foreign competition exists, they are now eligible and receive an import allocation. By expanding the variety and thus recipes of non-ICL products, the Canadian manufacturers of these products request increasing levels of chicken import quota.

This has resulted in the non-ICL allocation growing from 10 million kilograms in 1998 to 33 million kilograms in 2007, a 230% increase, compared with 25% growth for domestic chicken production.

Let me refer you to the graph on page 5 of our presentation. You will see that the blue line there represents the allocation of imports to Canadian manufacturers of non-ICL products. You see how it's been rising exponentially. The red line represents imports of these same products from foreign sources. The allocation of these special imports to Canadian manufacturers has risen much quicker than the imports of these products.

Modifying the 13% rule by restoring the original intent to the 1994 trade negotiation will not only limit the non-ICL product list but will also alleviate the pressure on the TRQ. Furthermore, the claimed requirement of Canadian manufacturers to have access to U.S.-priced imports will be diminished by limiting foreign competition and by creating a more level playing field. This will not in any way diminish the economic activity of these manufacturers.

This generous 13% rule has not only created exponential demands on the TRQ allocation, but has the potential to significantly erode the Canadian chicken market through imported products not subject to import controls.

This loophole must be corrected before there is further erosion of the Canadian chicken market by imported products. These non-ICL products are not considered chicken for the intent of Canada's import controls, but in reality represent direct substitutes for chicken.

There are reasons why since 2002 Chicken Farmers of Canada and its industry partners have asked the government to modify the 13% rule. In order to avoid abuses and prevent further erosion of the market for Canadian chicken products, it is proposed that all products containing more than 20% chicken, instead of the more generous 87%, be subject to import controls. In the case of products coming from the U.S., an exception could be made to recognize historical access.

This solution, approved by most industry stakeholders, was presented to the government in 2002. The government decided not to proceed at that time because they were in the midst of WTO negotiations. Today, industry's desire to modify the 13% rule still stands. In fact, in August 2006 and January 2007, Chicken Farmers of Canada and other industry partners, including the Canadian Poultry and Egg Processors Council, the Further Poultry Processors Association of Canada, and the Canadian Association of Regulated Importers and Food Processors of Canada each sent a letter to both the Minister of Agriculture and Agri-Food and the Minister of International Trade requesting a reconsideration of the 2002 industry proposal.

Last year, the European Union also modified its WTO obligations to control the import of some of these chicken and turkey products. I might remind you that this was in the midst of negotiations also.

The Canadian government needs to seize this opportunity and modify its 13% rule for chicken products. This would demonstrate support for an essential pillar of supply management, as my colleague has outlined.

• (1545)

I understand that unfortunately, officials representing the department will not be able to contribute to our discussion during the present session. However, I am sure that in the next session they will be able to help the Canadian chicken industry and the members of the Standing Committee on Agriculture and Agri-Food advance these important issues.

In summary, CFC asks the Canadian government to use its domestic powers to allow a chicken import allocation in line with our international obligations of 7.5% access. The path to this desired outcome is for the Canadian government to act in the national interest and to proceed with the modification of the 13% rule, as requested not only by CFC but by a wide spectrum of industry stakeholders.

Thank you very much.

• (1550)

The Chair: Thank you.

Laurent.

Mr. Laurent Souligny (Chair, Canadian Egg Marketing Agency): Thank you, Mr. Chairman.

My name is Laurent Souligny. I'm chairman of the Canadian Egg Marketing Agency, and I'm also an egg producer and a grain and oilseed producer.

First of all, I would like to thank you for making the change in your agenda to give us the opportunity to make our presentation today. I would also like to thank you and the committee for providing me and the Canadian Egg Marketing Agency yet another opportunity to share some important information about our industry.

I have provided you with two documents today. The first is a copy of my presentation, and the second is a background document with a more detailed overview of the agricultural special safeguard and the case of the Canadian egg industry.

As I told you last week, the Canadian Egg Marketing Agency represents the egg farmers on 1,050 regulated farms. Our industry has producers in all provinces and in the Northwest Territories.

As you know, our industry operates under supply management. This system has allowed egg and poultry and dairy producers to obtain fair prices for their products without relying on financial support from the government. The supply management system relies on three pillars, namely producer pricing, import controls, and production discipline. All of these pillars are equally important, and when one is threatened, the system as a whole is placed at risk. Unfortunately, our import control pillar is currently threatened.

Canada has tariff rate quotas on all supply-managed products, including eggs and egg products. A tariff quota consists of a low "in quota" tariff and an "over quota" tariff. As agreed in the Uruguay Round, countries allow a set amount of imports at the low in quota tariff rate. For imports beyond that set volume, the over quota tariffs apply.

The job of the over quota tariff is to limit imports to the volumes agreed to during the last round of negotiations. The effectiveness of our over quota tariffs, however, are dependent in large part on two factors: world commodity prices and changes in currency exchange rates.

Specifically, given recent historically low egg prices in the United States and the fact that the Canadian dollar is stronger than it has been in more than 30 years, the effectiveness of Canadian over quota tariffs for eggs has been weakened. They have been weakened to the

point where they are no longer doing the job they were intended to do.

What that means is that the over quota tariff is not limiting imports to agreed-upon levels. In fact, in the past several years, eggs have been coming in over the tariff wall, and at an increasing rate year over year.

Just to give you an example, in 2006 more than 3 million dozens of eggs came into Canada over the tariff wall. That's almost 15% of what we agreed to import at the low in quota tariff rate. The ability to match production to demand and to control imports is fundamental to supply management, and these additional eggs are making it increasingly difficult to operate an efficient system.

Thankfully, the special safeguard, also known as SSG, is a tool Canada can and should use to deal with this serious problem. The safeguard allows countries to impose additional duties on certain agricultural products in the event of an import surge or a decline in world commodity prices.

In other words, it is an additional tool that can be used if and when the over quota tariff isn't doing the job. During the Uruguay Round, many countries reserved the right to use the SSG. Canada reserved the right to use the SSG for all of its products covered by tariff rate quotas. That includes eggs and egg products.

Ultimately, the SSG can only be used by a country when it has been rendered operational. This means that in order to activate the SSG, the Canadian government must provide volume and price triggers to the WTO for each tariff line where a tariff rate quota applies.

While the EU and the U.S. activated their safeguard within 12 months of signing the Uruguay Round agreement, it's now more than 10 years later, and Canada has yet to act.

• (1555)

Although significant work towards making the SSG operational was initiated by Agriculture and Agri-Food Canada and then passed on to officials at the Department of Finance, the decision to operationalize the SSG has yet to be made.

We feel this issue must be addressed. Under our international trading agreement we must remember that we not only have obligations, but we also have rights. Canada must not be afraid to exercise its rights in the same manner that other countries, such as the United States and the European Union, do on a regular basis.

The special safeguard can and should be used to deal with the "over access" import of eggs and the tariff of over access imports in the other supply-managed commodities. We believe operationalizing the SSG is a step in the right direction towards ensuring that the import control pillar essential to all supply-managed systems remains effective.

Specifically, then, our recommendation is as follows: that without further delay the Minister of Finance make operationalizing the special safeguard for Canada a priority.

Thank you for your attention.

The Chair: Thank you.

[Translation]

Mr. Lefebvre, please.

Mr. Serge Lefebvre (President, Fédération des producteurs d'oeufs de consommation du Québec): Thank you, Mr. Chairman.

I'd like to introduce myself: my name is Serge Lefebvre and I am an egg producer from Saint-Ours. I operate a family farm along with my wife, my sister-in-law and other members of my family. I am here today as the President of the Fédération des producteurs d'oeufs de consommation du Québec. I have been an egg producer since 1993.

Firstly, the Fédération des producteurs d'oeufs de consommation wishes to thank the House of Commons Standing Committee on Agriculture and Agri-Food for the invitation to participate in their deliberations and to express our opinions. The Federation is very concerned by the many questions regarding agricultural trade and it is with great pleasure that we present our dissertation today.

To begin with, we would like to say a few words about the Fédération des producteurs d'oeufs de consommation du Québec (FPOCQ). Established in 1964, the FPOCQ represents 103 producers who have 3.6 million laying hens with an annual production of nearly 86 million dozen eggs. The annual revenue generated at the farm level is in the order of \$124 million. This sector creates, on its own, almost 1,000 direct and indirect jobs in Quebec.

Quebec is the second largest egg-producing province, with a 17.6% share of the Canadian market. We believe that the FPOCQ's demands, as presented in this paper, fall within the jurisdiction of the federal government, as related to maintaining the prosperity of the sectors of the industry under supply management in Quebec and Canada. Moreover, a portion of these responsibilities can be attributed to Agriculture and Agri-Food Canada.

Therefore, we ask that Agriculture and Agri-Food Canada intervene specifically with regard to the following three issues: the special safeguard measures that affect the table egg sector, in particular; the WTO negotiations on agriculture; and the agriculture policy framework.

Over the past several years, egg imports have exceeded the tariff limits at an ever-increasing rate. They progressed from 150,000 dozen in 2004 to over 3 million dozen eggs in 2006. The situation has become critical since egg imports over and above the tariff limits contribute to an erosion of the domestic production and to a reduction in revenue and profitability for egg producers in Quebec and Canada. More specifically, these additional imports increase the number of eggs destined for processing, which in turn generates extra costs for egg producers.

In addition, if this continues, these imports will render the administration of the marketing agreement difficult, if not impossible. In fact, supply management depends on the predictability and complete control of production. The absence of control on production, which is due to indeterminate import fluctuations, renders the application of the supply regulating mechanisms inoperative, and consequently, the supply management null and void.

Furthermore, as the value of the Canadian dollar continues to rise, these imports could increase even more. It goes without saying that this problem affects Quebec producers as well. As in the rest of Canada, imports exceeding the tariff quotas have accelerated since 2004. They have gone from 22,550 dozen eggs in 2004 to 1.4 million dozen in 2005 and 2.9 million dozen in 2006.

Another distinct feature about Quebec is that the FPOCQ has the responsibility to redirect eggs from one grader to another and to cover the costs if there is a surplus. The extra imports therefore increase business costs.

In addition, by not having adequate information on the volume of eggs being imported, this causes complications in the smooth operation of the joint plan and its related management tools, such as the egg marketing agreement with the graders. Several times over the last year we have filed access to information requests to find out who was importing the eggs. To this day, we have received no positive answer to our requests.

Furthermore, there are no benefits to consumers either, since they do not know the origin of the eggs. By virtue of the Marrakech Agreement, members have the right to invoke special safeguard provisions found in the Agreement on Agriculture (article 5) for products subject to tariffs. Up until now, 38 members have invoked their right to use these provisions. For example, the European Union and the United States put this measure into effect 12 months after the signature of the Uruguay agreement, but Canada has yet to do anything.

The special safeguard provisions allow a country to impose an additional duty, or tariff, on the condition that certain criteria are met.

● (1600)

These criteria may be either a specific increase in the volume of imports, known as the trigger level or, for a particular shipment, a drop of the import price below a specific reference price. For the egg imports cited above that concern us, these conditions seem to have been met. Currently, efforts to implement the special safeguard provisions have been initiated by Agriculture and Agri-Food Canada and have been transferred to the Department of Finance. Since the decision to proceed has not yet been made and imports continue to escalate, egg producers are of the opinion that this situation must be addressed without delay.

I'm now going to speak briefly about the WTO negotiations on agriculture. Following the latest proposals recently tabled by the chairperson of the agriculture negotiations, Mr. Falconer, we feel that it is important that we take this opportunity to discuss this issue with you. We do not hide the fact that we are worried about the direction that the current negotiations regarding agriculture seem to be taking at the WTO, notably concerning their impact on supply management.

Our worries are focused, in particular, on the question of sensitive products. In fact, the proposed terms and conditions presented in the reference document by Mr. Falconer on April 30 are incompatible with maintaining our Canadian supply management system. If these conditions were applied, they would have the effect of not only considerably limiting the number of sensitive products that could be designated—less than 5%—but also would lead to a decrease of more than 50% in the over-quota tariffs, as well as to an increase of more than 5% in tariff quotas.

We were very surprised to notice that a small country such as Norway, with a population of 4.5 million, that does not have access to the main negotiations was able to negotiate certain adjustments. Canada, although at the centre of the talks, has not yet succeeded in getting the necessary elements recognized to maintain its supply management system. Yet when it really wants to, Canada does succeed in asserting itself. In fact, this did happen in July 2004 and in December 2005 when Canada had certain irritants affecting supply management removed from the discussion document.

There are also the recent public announcements made by our two ministers responsible for WTO negotiations that worry us. They reveal that Canada will not block the negotiations and thus would be ready to sign an agreement at the expense of supply management. At this crucial stage of the DOHA round, it is certainly not the appropriate signal to send to our trading partners.

We would now like to say a few words regarding the Agriculture Policy Framework and more specifically, the elements that affect business risk management. Our position on this issue is clear. We wish to see improvements to the existing program and recognition that supply management is among the risk management programs included in the APF.

In brief, our demands are as follows.

It is essential that the Canadian government exercise the special safeguard provision, as other trading partners have done. Canada must set certain conditions before agreeing to return to the negotiation table with its WTO partners. These conditions should include a requirement that sensitive products be defined in the same way as special products.

Before contemplating increasing tariff quotas, it is essential to gain a minimum level of access that is equal for all member countries, by imposing the necessary control measures.

The Canadian government must recognize supply management as a risk management program, including its three mainstays: production management, the control of imports and a pricing policy that covers the cost of production.

Thank you.

•(1605)

The Chair: Thank you very much.

[English]

We're going to go with five-minute rounds, in the interest of time.

Mr. Easter.

Hon. Wayne Easter: Thank you, Mr. Chairman.

Thank you, folks, for coming.

A number of us have recently come back from the U.S., and when you look at the U.S. and Europe, the first question their bureaucracies seem to ask on any agriculture policy issue is "What will it mean to farmers"? I really note in here your ten years, Laurent, that you mentioned you've been working on this issue. For whatever reason, in Canada, and we saw it the other day with lowering the tolerance of pesticide residue on crops coming in here, it's because we're afraid it might be a trade challenge. Always the first question out of this centre, nothing to do with our government or the previous one, seems to be worrying about the trade challenges rather than worrying about farmers. That seems to be a mindset in this town, and we have to get away from it.

I have two questions, really. The supplemental safeguards....We're mixing up two issues, the eggs and chickens. There are three problems: the 13% rule, the 8.4 tariff rate quota on chickens, and the increase in eggs as well. The supplemental safeguards are special provisions. Can they apply to deal with that problem, the 8.4 TRQ, or not? I don't think so, can they? Why I ask the question is I'm not sure what we should be asking for. Are there two solutions to this problem in terms of the three requests, or are there three?

Mr. Laurent Souigny: I can answer for the egg industry. As far as the egg industry is concerned, it's the special safeguard that we would like to see the government make operational. Right now, they're not. It's a right that we achieved at the negotiations, and as I mentioned in my presentation, it's a tool that could be used, when made operational, to reduce the amount of eggs that could be imported with the over-quota tariff paid for. And this is what we're looking for. If we look at last year, there were over 300 million dozen that came in with the over-quota tariff paid for.

Hon. Wayne Easter: Then we do need to get on top of that.

I'll come to the 13% rule for a minute, and maybe the chicken guys can think about what I asked earlier. In terms of the 13% rule, what we get into in the dairy industry by not dealing with milk protein components coming in is the more they come in the more it gets to an historic level and the less we can go back. Is it the same situation with chicken, or is it a different situation? If we allow this to go on and don't move on it quickly, are we creating ourselves some historic import problems that will dig us a deeper hole, if we don't deal on it fast? And when we make the application, is that when we trigger the level, or is it when it's finally negotiated? I mean, these are technical questions that I personally don't know the answers to.

•(1610)

The Chair: Yes, go ahead.

Mr. Urs Kressibucher: In regard to your question about special safeguards, we'd like to see it operational also. But in regard to the 13% rule, we require an article 28. As far as the import level goes, if you look on page 5 of our presentation, you'll see that the level of imports right now of these non-ICL products have not escalated to the point that the special supplementals have.

Now is the time to initiate the article 28, when you don't have to compensate to the degree that, for instance, other commodities would have to do. It's like triage on a patient. You don't want to see a pile of blood on the floor and the patient flat-lining before you apply the article 28.

The Chair: Anybody else?

[Translation]

Mr. Bellavance.

Mr. André Bellavance: I would first like to thank my colleagues on the committee for having agreed to reverse the agenda to hear the witnesses. I would also like to thank our witnesses for having informed us of these situations, which are different, but which reflect the trend we have been observing for some time now, namely an increase in the imports of farm products. Beef is following this trend, as are other products. Everyone is trying to find a solution. And you have also presented us with some solutions.

I will immediately go to my questions, because we do not have a lot of time. Mr. Dufresne, you said that imports increased by 8.7 million kilograms, which means that market access has increased from 7.5% to 8.4%. It seems that suddenly the demand for these products has increased. Importers and processors are asking for products from abroad.

Do they necessarily have to come from outside the country? Could our producers produce the additional 8.7 million kilos? Why does the product have to come from elsewhere?

Mr. Martin Dufresne: Obviously, producers are quite able to produce that amount of chicken. This situation did not just happen this year: industry demand has been strong for several years now. The 13% rule which has been referred to is vague enough to allow people to bypass the import list.

When the content of a product is below 87%, say 86.5%, for instance—a good example would be chicken tournedos, but also kebabs—it can be imported outside of tariffs. So what the industry does is develop recipes which barely respect the 87% rule and then imports additional chicken from outside the country, at a lower price, obviously, and then it makes the tournedos and kebabs here, for instance.

There is no doubt that we could produce the product here, but under supply management we obviously are not entitled to subsidies, as you already know. However, we need to get our price. If, for example, you import chicken from the United States where, everyone knows, subsidies are much more generous, the price is lower. It's to the advantage of the industry.

Mr. André Bellavance: So I gather it is for economic reasons. However, we can be autonomous under supply management, we can meet the demand with our products.

As far as article 28 is concerned, we fought a fairly long battle with regard to milk protein imports. When we began discussing the issue, following your interventions, in fact, we received the same responses from the minister and the department, namely that in the case of milk proteins, we were not allowed to invoke article 28. Further, there is the danger that the Americans might not be subject to article 28 because of NAFTA. Ultimately, one thing led to another and we made sure that dairy producers won their case. The

government accepted their arguments. We were told exactly the same thing in the case of chicken.

You have presented us today with a partial solution, in addition to the 20%. How do you react when you hear that article 28 may not apply to the Americans? If I understand correctly, most of the products at issue here come from the United States.

• (1615)

Mr. Martin Dufresne: Yes, for the most part. But you mustn't forget that Brazil and Thailand are now part of the market. The US may even be overtaken, on the Canadian market, by these two exporting countries.

If we changed the rule to go from 87% to 20% chicken content we think the United States would probably be exempted. I had understood that in the case of dairy protein there was an exemption for the United States.

Under the Free Trade Agreement today, there are products the United States may export to Canada which are not on the list. These are specific products for the US. For our part we think that products coming from Thailand, of which we've seen an increase over the last year or two, and products from Brazil could be blocked from entering Canada.

If only US products remained, we would already have achieved something. It could be positive for the Americans in a way. Their already registered products would be protected. I'll give you a few examples: chicken Cordon Bleu and chicken Kiev. These are very specific products that the Americans, under the Free Trade Agreement, are entitled to export to Canada duty free. In that sense they get preferential treatment. However, this privilege could be lost if Thailand or Brazil were to become more competitive and manage to get these products into Canada. Changing the 13% rule would give them some protection. In exchange for this protection, we could put a ceiling on imports to keep them at the level they are at today.

To get back to the question that was asked earlier on, there's been an increase and it would be difficult to bring about a decrease. If at least we could stop this hemorrhaging, things would be better.

The Chair: Thank you very much.

Mr. Gourde, you have five minutes.

Mr. Jacques Gourde (Lotbinière—Chutes-de-la-Chaudière, CPC): Thank you very much, Mr. Chairman.

My question is for the egg producers of Quebec. I'd ask you for brief answers, if possible, because we do not have much time.

There's been an increase in egg imports. Because there are not many producers in Quebec, you must all know each other. You say that you do not know where these eggs are coming from, from whom. But how do they end up in the network? I believe egg producers have their own distribution system, and their own candling stations, etc. It's almost as though egg producers in Quebec own the shelves.

How could anyone bring eggs into the system anonymously and get market distribution without anyone knowing where they come from or from whom? I'm having some difficulty understanding that.

Mr. Serge Lefebvre: In short, what happened in Quebec could happen in any other region in Canada. In 2006, Quebec was the hardest hit by egg imports subject to tariffs. We do not know how these eggs enter the country or what advantage this gives to the provinces.

The eggs are imported by people requesting them. Anyone can, by paying the required tariffs, import eggs into Canada. Under our supply management system, we assess requirements and adjust our production accordingly. Well, we do not know who is importing these eggs or where they come from. It could be a chain, a grader, or an individual. We know they come from the United States, but we do not know from where exactly.

We do not know the final destination either, because this information is confidential. We've asked to have access to this information to know, at the very least, the final destination for these eggs, and perhaps, to have an opportunity to discuss the matter with these people and do something. For the time people, that's not possible.

Mr. Jacques Gourde: Do you know under which label these eggs are sold? Generally, we know that a dozen eggs will come from a given region. The packaging for these eggs must carry a label or a name.

Mr. Serge Lefebvre: Generally, all products from the United States should be labelled "Product of the USA". That is the only label we may see on grocery store products.

• (1620)

Mr. Jacques Gourde: And there are no such labels on products at present?

Mr. Serge Lefebvre: The "Product of the USA" label does appear on an egg carton, but we do not know where these eggs come from or who imported them into Canada.

According to agreements signed with the Fédération des producteurs d'œufs, graders must declare their purchases. However, if eggs enter Canada or Quebec through some other channel, then we have no control over this process.

Mr. Jacques Gourde: It would seem the market share is increasing. Does that eat away at a market share which would naturally have increased and been positive for producers? Have producers been left with the same quota while others vie for an increased share of the market?

Mr. Serge Lefebvre: It is worrisome to see the number of eggs increase from year to year. Canadian egg producers are well equipped to meet Canadian needs. Consumer requirements are well known. However, if the situation continues to deteriorate, the quota share that was to be given back to Canadian producers may be cut, possibly resulting in costs to producers and Canadian consumers.

Mr. Jacques Gourde: Is the percentage of the Canadian quota allocated to Quebec producers calculated on a proportional basis? Do they enjoy any type of advantage?

Mr. Serge Lefebvre: When it comes to Quebec producers, it is based on a historical distribution. Currently, Quebec accounts for 17.6% of overall production in Canada. The Canadian Egg Marketing Agency uses a mechanism to allocate quotas among the provinces.

Mr. Jacques Gourde: Do you have a solution to propose to help us determine the point of origin of these eggs?

Mr. Serge Lefebvre: We would like our access to information requests to be heard, understood and granted. In 2006, the Canadian agency informed us that 100 egg import permits had been granted. However, it couldn't tell us anything more. One hundred import permits represent a very large quantity of eggs, because generally speaking, one shipment of eggs contains approximately 1,400 boxes each containing 15 dozen eggs.

The Chair: Thank you very much.

[English]

Just as a clarification, are these eggs coming in as table eggs to be on the grocery store shelves, like at the Loblaws and Costcos of the world, or are they coming in to go into further processing?

[Translation]

Mr. Serge Lefebvre: Generally, eggs in the shell imported into Canada are for consumption purposes. So, they may end up in grocery stores like Costco, Loblaws, Provigo and Métro, but they may also be destined for processing. The problem for us is that these eggs, under the current system in Canada, have to be bought back, because they are referred to as an industrial product. Costs in the order of \$5 million to \$6 millions in 2006 have to be added to our operating costs in Canada. That is a significant figure.

The Chair: Thank you very much.

[English]

Mr. Angus, glad to have you back at committee.

Mr. Charlie Angus: With these egg imports that are coming in from the U.S., they can still compete with paying the over-quota tariff and coming into our markets. Is this low price that's in the U.S. for their eggs the low end of their cycle, or is this a result of a long-term distortion in price because of a subsidy?

Mr. Laurent Souigny: I think that what happened last year and the year before was the low American prices, and with the low American prices and the appreciation of the dollar, there was enough room there for them to import eggs, pay the over-quota tariff, and still make money on them.

Mr. Charlie Angus: I guess then I have two questions for our egg producers.

Number one, if we're at the low end of a cycle, are you looking at the special agricultural safeguard as a short-term measure to deal with a blip in a cycle that might start to transform back to a normal cycle later on? That would be my first question.

My second question would be this. You have a sense of an orderly production schedule and you're going to have to create a certain amount of product and then you're going to have to suddenly compete with 10%, 15%, 20% coming in at a price that's very low. What distortion is that to your share of the market and what cost is impacted on your operations?

•(1625)

Mr. Laurent Souigny: To your first question, I think we need to make this SSG, special safeguard, operational. Last year we had our first experience with more eggs coming into Canada, and I don't think we have to wait until we get a crisis to make it operational, because I don't think you can make this SSG operational overnight. What we're asking is to make it operational so when they're needed, we can use them without waiting a year or two before it's operational.

As far as how it could affect the industry, say, if the prices of eggs had stayed the way they were in the U.S.—right now the price is a little higher—and the dollar the way it is going up today, it could've been bad for the egg industry. At the end of the day, whenever you have one of your pillars that is a challenge, all the other pillars suffer, because if there are thousands of dozens of eggs that come into Canada, it means that for us who operate under supply management, we would have to reduce our production.

I think that the tariffs are there to protect our system. That's what we're asking the government to do, to make those SSGs operational so that when they're needed, we can have that recourse there in a short period of time. This is what we're looking for.

Mr. Charlie Angus: Thank you.

Just quickly, before my five minutes runs out, in terms of the article 28 challenge on the 13% rule, are these creative products coming in as finished products, or are they being brought in to be augmented in a processing system that our Canadian operations will say we'll take breasts from here, or wherever? Because if they're coming in as finished products, my question is has there been a loss of your historic market share? Has there been an increase in overall market penetration? Because these are new products and people want to get new products and they come from anywhere. What effect does it have on your actual operations? Are you losing numbers because of it?

Mr. Urs Kressibucher: Let me segregate that into two parts. There are the imports of finished products coming in from the States, mostly, at this point. They're coming in as finished non-ICL products. There's also a large base of Canadian manufacturers of non-ICL products.

Because these Canadian manufacturers conform to a 13% rule, which is a ludicrous part of the aspect of this argument, they're entitled to receive special supplementary imports to manufacture those products, regardless of how much competition exists. They may have no competition in the Canadian marketplace for that product, but they're still entitled to the special supplementaries based on a 13% rule. So that's the nuance we have.

In order to supply those manufacturers with special supplementaries, we have to increase our commitment. Our commitment to the TRQ has gone beyond 7.5% up to 8.4%. I think Preston Manning used to say "the root cause"—the root cause of the problem here is the 13% rule. In order to solve this problem, we have to address the 13% rule.

Mr. Charlie Angus: Thank you.

The Chair: Thank you.

Mr. Steckle.

Mr. Paul Steckle (Huron—Bruce, Lib.): Very quickly, I have a lot of questions, and I think most of us are going to probably go away with more questions than answers today. And I'm not suggesting you can't answer the questions, but I guess one of the questions would be that you seem to know that there's product, whether it be chicken processed product in a finished form or otherwise, or eggs coming in here. You know they're coming in here. You don't know where they're coming in, who's bringing them in, but how do you know how much is coming in? You seem to know that it's gone from 7.8% or something to 8.4%, or wherever it's gone. How do you know that?

[Translation]

Mr. Serge Lefebvre: The data we have comes from Agriculture and Agri-Food Canada. Two or three months after the products are imported, the data is forwarded to us, but only the data on actual quantities imported. We know how many eggs come into the country, just as we know about all of the other products entering Canada, but we do not receive any information whatsoever on the companies importing these eggs.

We know, on the one hand, how many eggs enter the country under the Free Trade Agreement—in other words 5% of the total—and, on the other hand, the number entering under the tariffs. If someone was willing to tell us, we could also know how many eggs are shipped as a result of additional permits.

•(1630)

[English]

Mr. Paul Steckle: Are these the ones who traditionally hold the import permits, or are these other people? You can't identify? Even with freedom of information, that information is not available to you, as an organization, who have given great credence to your industry in terms of managing your industry? You can't know that?

The government has, in their agreement in a round of 10 to 12 years ago, agreed to the 13% rule. Is that a reciprocal agreement that we have with the Americans, or does this apply to Canadians only?

The Chair: Urs.

Mr. Urs Kressibucher: It applies to Canadian manufacturers.

Mr. Paul Steckle: Canadian manufacturers only.

Mr. Urs Kressibucher: The 13% rule is a Canadian rule.

Mr. Paul Steckle: Are you hopeful at all that you could see the diminishing of 87% of product down to 20%? Are you in any way hopeful that it might happen?

Mr. Urs Kressibucher: That depends on the will of the minister to initiate that. I'm hopeful. We're asking. It requires some decisive decision-making. It's a win-win proposition. We're perplexed why we can't do it.

Mr. Paul Steckle: Given that we've gone this many years and there has been no movement on the SSMS, I'm just wondering—and no reflection on current government or past government—why has government...? Is it a departmental issue? Is it the politicians? Where do you see the place where this all stops?

Mr. Urs Kressibucher: There are overlapping ministries here. We have the Minister of Finance, we have the Minister of Agriculture, and we have the Minister of Trade. We look to our own Minister of Agriculture to be our advocate with other ministries also.

Mr. Paul Steckle: Have your ministers traditionally been advocates for you on this issue?

Mr. Urs Kressibucher: To the extent that they could be.

I think what's required here is a will to initiate something.

Mr. Paul Steckle: You're also suggesting that possibly an article 28 should be involved. Where might you see the consequences on another part of the industry or other industries? Because there's a kicker here that comes into play. Where might that be? Might it affect the egg and poultry industry, or might it affect other industries? It's now something we have before the dairy industry. Where might that play out with you people?

Mr. Urs Kressibucher: There are no competing interests as far as whether it should be done or not with the SM5.

Mr. Paul Steckle: So there's no one in the world who would have this rule? There's no one who would actually find this an impediment?

Mr. Urs Kressibucher: If we take the European Union as an example, they just initiated an article 28 this past year. They had no reservations about protecting their domestic market.

Mr. Paul Steckle: So this will be easier to do than the dairy one was, really?

Mr. Urs Kressibucher: I don't want to speak for or against, but in our case, in chicken, we have our industry partners onside. I want to emphasize that. We don't have our further processors saying don't do this. They are onside. They know the solution to our problem is an article 28.

Mr. Paul Steckle: We need the will.

Mr. Urs Kressibucher: We need the will.

Mr. Paul Steckle: Thank you.

The Chair: Mr. Dufresne, did you want in on this as well?

[Translation]

Mr. Martin Dufresne: What I have to say follows along the same lines. As I said in my presentation, poultry further processors are in the same situation we are. Earlier we talked about raw and processed products. Products from Thailand, for example, are unique in that they are cooked products. Their price could be so low that not only the producers but the whole industry in Canada could suffer.

[English]

The Chair: Mr. Souigny.

Mr. Laurent Souigny: Yes, and when we talk about the SSGs, to make it operational, it's under the Minister of Finance. So that's where....

The Chair: Mr. Devolin.

Mr. Barry Devolin (Haliburton—Kawartha Lakes—Brock, CPC): Thanks.

Thanks for being here today.

Wayne mentioned that many of us were in Washington the last couple of days, talking about the U.S. Farm Bill, meeting with members of Congress as well as stakeholder groups. What I found interesting is when they talk about their domestic policy in the context of trade, the WTO, quite frankly, it wasn't hostility to the WTO, it was just indifference. It was dealing with that later if necessary, but it clearly wasn't their primary focus.

Urs, you said repetition is a good way of teaching people. I've heard your speech now a couple of times.

•(1635)

Mr. Urs Kressibucher: You're my MP, I should have said.

Mr. Barry Devolin: This is complicated, but I think a couple of points need to be made around the 13%. I just want to clarify.

Under the free trade agreement, chicken cordon bleu, for example, was explicitly referenced as something that was allowed to come in. After the fact, someone determined that was about 13% non-chicken, so that number was extrapolated across all chicken products. There's no more logic to it than that; that's where it comes from.

Mr. Urs Kressibucher: Correct.

Mr. Barry Devolin: So the growth in imports of chicken around the rules, so to speak, could be a consequence of two things. One would be consumers are buying more and more processed food products across the board. The second reason would be that companies are deliberately producing products to take advantage of this rule.

So which of those two, in your view, would explain the majority of the increase, the changing consumer preferences or companies deliberately setting out to take advantage of the situation?

Mr. Urs Kressibucher: I would be hard-pressed to give you a number, where the balance lies. There's no doubt that consumers love ready-to-eat products off the shelf, many of which are non-ICL, so there is certainly a shift in the grocery store from buying a whole chicken to something that's ready to eat. So there is that shift.

As far as Canadian manufacturers, as I suggested before, because of this 13% rule, and it gives you at this point unlimited access to special supplementals in your manufacturing of those products, if you conform to the 13% rule, that popularity is driven, I think in part, by consumer interest in the product, plus by this access to special supplementals.

Mr. Barry Devolin: Right, and so the processors in Canada, by getting these supplemental import licences—and I'm not sure what the right term is—does that create a second profit centre for them, that they can then buy the chicken cheaper outside Canada? The incentive is not that there's no chicken available in Canada; the incentive is that they can skim that margin.

Mr. Urs Kressibucher: Once you're issued an import permit, you have the ability to sell that permit to someone else, and they can also import the product. Whether that's the motivation, something just for convenience's sake, also for the manufacturer.... It's much easier, if he's going to manufacture product over the course of the year, to sell his import permit and purchase product for the Canadian market.

The subsidy occurs in the selling of the import permit versus the product selling.

Mr. Barry Devolin: Hang on. So you're saying the processor can actually get an import subsidy licence and then not even use it, sell it, and then just buy Canadian product.

Mr. Urs Kressibucher: That's correct.

Mr. Barry Devolin: Clear.

Okay, my last question, 13% to 80%, it sounds like a big jump to go from 13% to 80%.

Mr. Urs Kressibucher: Let's rephrase that. This is why you don't talk about the 13% rule; it's very confusing. You have to think of it in the reverse. Products that can come into this country duty-free can have a chicken content up to 87%. You want to lower that 87% to 20%.

Mr. Barry Devolin: Right, and you won an article XII challenge to accomplish that.

Mr. Urs Kressibucher: Yes.

Mr. Barry Devolin: I know where 87% came from. Where does 20% come from? Why not 30% or 40% or 50%? It just superficially strikes me as a very large jump to go from 87% all the way down to 20%. How do you justify 20% as the number?

Mr. Urs Kressibucher: Go ahead.

Mr. Mike Dungate (General Manager, Chicken Farmers of Canada): In chapter 16 of the harmonized tariff system, you have to have 20% meat content to be in that chapter. All these 13% rules are an exception for chapter 16 products.

So if you have less than 20% meat, you just become a food preparation in another area. We're not talking about controlling soups that might have some chicken in them or something like that. We're not trying to capture anything that has a little bit of chicken. If it is deemed by the harmonized tariff system to be a chicken product—if it has more than 20%, it is—then we're just saying don't provide an exception from the regular rule. That's what the 13% is; once you're 20%, you're declared a meat product.

• (1640)

Mr. Barry Devolin: What you're saying then is that going to 20% brings us back in line with what the standards would be.

Mr. Mike Dungate: Around the world, that's the standard.

Mr. Barry Devolin: Okay.

The Chair: Thank you. Your time has expired.

Monsieur Gaudet.

[Translation]

Mr. Roger Gaudet (Montcalm, BQ): Thank you, Mr. Chairman.

Good afternoon, gentlemen.

Mr. Lefebvre, you mentioned earlier that approximately 30 countries have used the special safeguard measure. Could you give us an example of countries where the situation was rectified by using that measure?

Mr. Serge Lefebvre: The United States, the European Union and Japan, that is countries that Canada mainly trades with currently, all took measures. It wasn't long after the implementation of the Uruguay round, approximately 12 months. It is feasible. Our own partners have access to these measures. That doesn't mean they use them all the time, but as Mr. Souigny mentioned earlier, they allow for a faster response to certain situations.

Mr. Roger Gaudet: They could be temporary or permanent measures.

Mr. Serge Lefebvre: It all depends on the situation.

Mr. Roger Gaudet: Thank you.

Did you say that 200 million dozen eggs are imported every year?

Mr. Serge Lefebvre: Under our WTO agreements, 20 million dozen eggs are imported into Canada.

Mr. Roger Gaudet: I was told 200 million. I'll take away a few zeroes.

Mr. Serge Lefebvre: The figure of 20 million dozen represents 5% of our overall consumption.

Mr. Roger Gaudet: You did well to mention this figure because otherwise I would have spread false information.

Mr. Serge Lefebvre: Therefore, when three million dozen additional eggs come into the country under the tariffs, that figure represents 15% of the volume that normally comes into Canada. That is therefore very significant.

Mr. Roger Gaudet: My question is simple. I used to run a little snack bar. When the CFIA people would come to visit, they would always ask me where I obtained my eggs and I would have to show them the invoice in order to prove the point of origin.

How can they let in 20 million dozen? Are the eggs inspected? I'm concerned.

Mr. Serge Lefebvre: It is CFIA's responsibility to be present when American eggs are delivered. The agency people certainly know where the eggs are from and where they're going. However, we are not able to determine who actually receives the eggs, because that information is not available.

Mr. Roger Gaudet: In the case of vegetable crops, for example, we let anything in but at our end, we are not allowed to use certain pesticides, fungicides and herbicides. Does the same apply to eggs?

Mr. Serge Lefebvre: All I can tell you is that our situation is not very different from other sectors. We know that ingredients or chemical products that are allowed in the United States but prohibited in Canada are used in egg production. We've seen or experienced the same situations.

Mr. Roger Gaudet: I look forward to meeting with the CFIA people.

Thank you.

The Chair: Thank you.

[English]

We are at the one-hour mark, unless people are interested in extending. No?

I want to thank all of you for coming in and presenting today. We appreciate that very much.

We'll suspend for a few minutes to allow the table to clear away.

• (1640)

(Pause)

• (1650)

The Chair: We're back in session.

At the last meeting, we had a motion from Mr. Easter. Formally we have to have that put back on the floor.

Mr. Easter.

Hon. Wayne Easter: Thank you, Mr. Chair.

You don't want all the reasons why again, do you?

The Chair: No.

Hon. Wayne Easter: I could give them. It has taken \$246 million out of low farm income pockets.

In any event, I move that the Standing Committee on Agriculture and Agri-food recommend that the Minister of Agriculture and Agri-food immediately rescind the changes announced to the Canadian family farm options program on April 20, 2007, and restore the provisions of the program as originally announced.

This reinstating of the program would ensure the thousands of farmers who on the basis of sound financial planning and on the advice of financial advisers had made provisions to utilize the program for the financial year 2006. Those farmers have been prohibited from that utilization as a direct result of the Minister of Agriculture's arbitrary and unexpected alteration of the rules concerning the right of producers to apply for the program.

And I move that this motion be made a report to the House, Mr. Chair.

The Chair: I have a question, Mr. Easter. Is the second paragraph part of the motion?

Hon. Wayne Easter: I think we agreed before that it doesn't have to be.

The Chair: It's more preamble than the motion in the first paragraph.

Mr. Anderson.

• (1655)

Mr. David Anderson: Thank you, Mr. Chair.

I appreciate the opportunity to take up where I left off last meeting, and I expect to have a bit of a discussion after this. I think we'll probably have some amendments to the motion, so we'll be able to discuss those as well.

I think it's important, as I did last time, to read out the positions of the three opposition parties with regard to the family farm options program. We may come back to that a little later, but everyone was reminded that not one of the three parties supported the family farm

options program. They actually were giving the minister advice that this does not meet the needs of farmers and it needed to be shut down and changed. The minister, because he is a person who listens to the farm community, chose to listen to the opposition this time, and apparently that was a mistake, because now they're accusing him of making a mistake when he has taken their advice.

I want to talk about the framework of agriculture that we've established over the last year and a little bit that Canadian farmers have come to appreciate. We are a government that has invested \$4.5 billion in the agriculture industry. I want to talk a little bit about some of the things we've done since we've come to power.

One of the things we did, actually before we were even elected, was to make a campaign promise to Canadians that we were going to bring in a grain and oilseeds payment for them. That was a promise that had also been made by the Liberals, but of course it was never kept. So it was kind of ironic after the election when we kept that and they tried to claim it was somehow their money and their promise. But farmers were not fooled. They knew that the \$755 million that we brought forward was from this government, and in fact they've been very supportive of that program.

Hon. Wayne Easter: Mr. Chair, on a point of order, if the parliamentary secretary is going to table information, then at least could he be honest? The \$755 million was booked by the previous government, so don't try to put on the record something that isn't factual.

Mr. Chair, I might point out as well, while we're speaking, that it would be perhaps preferable if the parliamentary secretary would keep to the motion, because what this motion deals with is the family farm options program and the fact that farmers had made financial planning around the government's two-year pilot program, and the department itself, when it came before us in terms of estimates, had indicated \$246 million less.

The Chair: Your point of order is taken that you want the debate on the topic.

Mr. Anderson.

Mr. David Anderson: Well, Mr. Easter is one of the strongest critics of the program, so I think it's important that we put it in the framework of what we've been doing over the past year.

I was coming back to the GOPP payment and the importance of that to western Canadians and farmers across Canada. There's \$755 million that's gone out to farmers. More than 120,000 farmers, Mr. Chair, received a payment. The final payments were sent out two months earlier than expected, which I think is another change from the previous government.

Many times we had to listen to announcements being announced and then reannounced and reannounced. Farmers would wonder why the money didn't come out, and then that money would be moved to the next year, and we'd hear often four and five times that this same money would be announced. Mr. Easter's right, it was promised—that's actually true—but it was not delivered by the previous government. It took this government to deliver that program.

That was, I think, a good start. I think farmers have seen that as a good start. Then we went even further than that, Mr. Chair. We had promised an additional \$500 million in the election campaign to farmers, and we thought that it was important to keep that commitment. Beyond that, the Prime Minister insisted that we support our farmers even to a bigger extent, so we were able to make a \$1.5-billion commitment—extra commitment—through budget 2006.

Really, I think one of the reasons farmers have taken to this government is because we've kept and exceeded the promises we've made.

There was \$500 million in the election campaign. We delivered \$1.5 billion. We made an election campaign to replace CAIS—

Hon. Charles Hubbard: Mr. Chair, I have a point of order.

The Chair: Mr. Hubbard.

Hon. Charles Hubbard: It's a point of information, really. When we're talking about this money, could he give us the dates of the budgets? He seemed to be putting a lot on the table. It came, it went. What years?

The Chair: Mr. Anderson.

Mr. David Anderson: Actually, Mr. Chair, I don't think that's impossible to do. Perhaps at our next meeting I can bring that back. I'd be glad to run through that for the member. We can certainly deliver that to the schedule. Hopefully we'll get an opportunity to do that still.

I'd just like to point out as well that in our election campaign we talked about replacing CAIS. We're well on to doing that. We also talked about putting in place a new disaster assistance plan. That's an important component the minister is working on right now with the provincial agriculture ministers. It's coming along. There's a first ministers meeting here a little bit later. We'll talk more about the disaster assistance plan later, but I just want to assure the committee that that is moving along and the minister is taking that up as one of his main priorities.

Of course we also moved on our commitment to bring marketing choice to western Canadian grain farmers. That's coming into place, to some degree—not as much as most farmers in western Canada would want—on August 1 of this year.

Of that \$1.5 billion, we moved it through the system in a number of different ways.

I'm not sure if Mr. Easter wants to say something. I know he's enthralled by what I'm saying here.

The \$900 million of that \$1.5 billion is going to be run through a retroactive change to the CAIS inventory evaluation method. That is something, Mr. Chairman, that was requested by agriculture, by industry. They came to the government and asked for the change in the inventory evaluation and it was something that we finally felt we needed to do. The previous government had a number of years to do that. It took them an extremely long time to make any changes at all. We were able to make that, and that resulted in a lot more money going out to farmers in 2006. Of course, we're working through that at this time.

As I said, it was a development that was asked for by industry. We also put \$50 million in additional money through expanded criteria for negative margin coverage. That's another issue that was—

● (1700)

The Chair: We have Mr. Angus on a point of order.

Mr. Charlie Angus: Sorry, with no disrespect, I want to know if I need to get a babysitter for tonight. Are we doing a filibuster?

I've just returned to the committee. The last time I was on the committee, Mr. Anderson was in opposition. I'm beginning to wonder if he's in opposition again in his mind.

I don't mind. I can stay all night. I just want to know if I should go out and call a babysitter.

The Chair: That's not a point of order.

Mr. Anderson.

Mr. David Anderson: That takes me off on a bit of another direction, Mr. Chairman.

I'm really concerned that the NDP would see someone talking and discussing a motion and being prepared to make amendments to it as some sort of filibuster, because we're certainly not doing that.

Mr. Easter sees this motion as extremely important. I think it's important that we all give it time—and I think we're going to do that—and have a chance to discuss it and the amendments that will be made to it.

Mr. Angus, having left the committee, may not be interested in agricultural issues any more, as he once was, but I can assure him that the people here on the committee are taken with these things and want to talk about them, want to hear about them.

Mr. Charlie Angus: I know it's not a point of order, but are we staying all night?

The Chair: Mr. Anderson has the floor.

Mr. David Anderson: We can't say for sure how long this will take, but I'm sure there's a lot of good discussion that's yet to take place.

As I was saying, we also set \$50 million through the expanded criteria for negative margin coverage for CAIS, and this is something that really a lot of farmers needed, because that was going to help to cover some of those farmers who had deep losses.

One of the things that was good that has happened in terms of CAIS is that the CAIS deposit was eliminated and it was replaced with a producer fee, but participation costs have been waived entirely for 2003, for 2004, and for 2005, which makes programming more affordable for farmers. CAIS has had a problem throughout, as AIDA and CFIP did at times with overpayments to producers and then they were in a situation where they were required to pay some of that money back. Another thing we did is we deferred those CAIS clawbacks until January 1, 2000, with no interest being charged on overpayments. This was just one more thing that we wanted to do to try to protect farmers from what had happened to them in the past.

Actually, one of the things this committee worked on, Mr. Chair, which we worked constructively together on, was the improved cash advance program we put in place. It was called AMPA, the Agricultural Marketing Programs Act. It came to this committee about a year ago, and we felt it was very important to expand the Agricultural Marketing Programs Act, so we did that. We were able to work with government and opposition in order to move that quickly through the committee here, and then it moved quickly through the committee at the Senate as well, and it was brought into place. It expanded the coverage, Mr. Chair, to include livestock and additional crops; it increased the overall limits on advances from \$250,000 to \$400,000. I've had a lot of producers who have come back to me and told me that they really appreciated the opportunity to have access to that extra capital.

One of the good things that it did as well was it increased the amount of interest-free advances from \$50,000 to \$100,000, so in a time when our farmers were under tremendous pressure this government moved to find a way to give them access to more cash on a short, quick basis, so they've been able to take advantage of that program.

While we were waiting for that to come into place, we actually worked on the enhanced spring credit advance program, and that was put in place last year as an interim measure to try to tide farmers over until the new AMPA program was in place. It made a lot more money available to farmers through interest-free loans.

One of the things that's been important, and we've talked about it quite a bit at this committee, is the idea of production insurance. There's a strong feeling, as I think we heard as the committee travelled across Canada, that farmers have an interest in production insurance and making sure that they've got a good production insurance program. I know in my own province, our production insurance program is not seen as being a strong one. It's been frustrating for farmers to be able to take out what is 70% to 80% coverage on their crops but then to see that the prices and yield coverage are so low that it really doesn't give them any opportunity to be successful from using the program. So a lot of people have decided that they're not going to participate in that production insurance program, and it's been a bit frustrating.

I know that Alberta has a much stronger program. The province there has chosen to supplement the program, so they've made a stronger program out of that. I know that they've got some price and yield options that we certainly don't have in our province. When we were in Manitoba with the committee, we heard that the presenters there actually felt that their crop insurance program was a fairly strong one. One of the issues they had is they were wondering how it

would be possible to extend that coverage to livestock, particularly to cattle. They saw that there might be some problems with that. So we continue to try to find ways to extend the production insurance program to include livestock and horticulture, and include other products that have not been included in the past.

• (1705)

Hon. Wayne Easter: I have a point of order. I wonder, could the parliamentary secretary give us an explanation of all the other provinces we travelled to as well, beyond Manitoba? Or maybe the fact is he wasn't there.

The Chair: It's not a point of order.

Mr. Anderson.

Mr. David Anderson: I was attending a funeral. I'm not sure if the member is trying to make some sort of sarcastic point here or not, but I guess that's what we have to deal with.

One of the programs the Liberals tried to cancel that we were able to get restored under them, because they finally caved in to the pressure of farmers asking for it to be maintained, was the Farm Improvement and Market Cooperatives Loans Act. It's known as FIMCLA. That's another program that's being maintained. It's not a big program, but an important one, particularly in areas where people are trying to build cooperatives and put them together.

We heard yesterday in Washington—I think Mr. Easter will acknowledge I was there—that cooperatives are important down there, particularly to the renewable fuels folks. We sat down at the Renewable Fuels Association, and they talked about the importance that cooperatives have played throughout the United States in the development of their ethanol industry over the last 15 to 20 years.

It was an exciting conversation to have with a person who's very optimistic about the future. Hopefully we can develop some of that same industry in this country and have some of the same successes that they've had in the United States.

Our friends from Quebec are taken care of as well. We know the golden nematode issue affected an area in Quebec. That was a devastating problem, and this government committed \$5.5 million to assist those producers. It included \$2 million in federal support through a new golden nematode disaster program and the Plant Protection Act, and another \$3.4 million in federal payments through CAIS and renewal programs.

Those folks had a tough situation. After negotiations and sitting down to hear about their situation, this government was willing to commit money to their program.

[Translation]

Mr. André Bellavance: Mr. Chairman, point of order. The money that was provided to the potato producers of Saint-Amable is insufficient. We need a long-term vision that will give these producers an opportunity to change their crops because they will never be able to grow potatoes again.

[English]

The Chair: Mr. Anderson.

Mr. David Anderson: The member is absolutely right, it does take a long-term vision, and that's part of what I want to lay out here today. I think we'll see that the family farm options program and the money that's available from it are going to play an important role in that long-term vision for agriculture.

We've gone into next generation consultations as well trying to find ways to get the next generation involved in agriculture and food policy. That's a real challenge. When we were down in the States, we heard that that they are having the same challenge of trying to get young people into their industry, and it's a challenge we continue to face.

I've been on the committee for a few years, and this issue has been part of the committee's discussion ever since I arrived. I think it was probably a big issue even before that.

This government showed its commitment to agriculture again this year with another \$1 billion investment through budget 2007. This is the start of the new vision and the new direction that agriculture is going to take in this country. As the minister announced, this includes the implementation of the contributory-style producer savings accounts.

Many of our producers are familiar with NISA. They were very excited about having that program in the past. They were able to build up accounts, and then many of them used that to keep their farms going. The minister has come back and said that we want to take a look at that program and see how we can fit something like it into our present farm program system. So he came forward and said that we're going to take a look at contributory-style producers savings accounts to replace the top 15% of the income stabilization program.

Actually he was good and generous enough to say that program is going to be kick-started with a one-time payment of \$600 million, which is an amazing thing. I think farmers are very grateful for that. This is one of the things I've heard the most positive comments about. People are excited to see some of these changes taking place, so they may have some programs here that are going to work for them in the future.

Out of that \$1 billion, that \$600 million was committed, so obviously this left another \$400 million. That \$400 million is going to be paid directly to producers to help address some of the cost of the production issues they face. We understand that especially this spring there has been a tremendous increase, particularly in fuel prices in the last month. Over the winter, fertilizer prices skyrocketed. Those folks who were not prepared to buy their fertilizer last fall have had a rough spring of being able to buy products.

So that \$400 million is going to go towards helping address some of those cost-of-production issues. As well, we made a commitment to pay another \$100 million annually to help address those cost-of-production issues.

● (1710)

Hon. Wayne Easter: A point of order, Mr. Chair.

I think the point that Mr. Anderson is making goes to the heart of the issue. It was on July 31, 2006, that the minister made a two-year commitment. Thousands of farmers, based on that two-year commitment, made financial planning decisions under the family farm options program. Then, after the fact, on April 20 of this year, the minister cancelled the program. So the fact that the minister talks cost of production or \$600 million for anything else, how can we trust that it's going to be there? The proof is in the pudding. In terms of the family farm options program based to low-income farmers, the minister broke his word on his original announcement.

That's what this debate is all about. Those farmers are short money, advised so by their financial advisers, and the minister cancelled the program. This debate is about trust. It's not about the other programs they're talking about; it's about trust in the minister's word. When he announced a program last year, financial planners advised farmers to take use of it. Four months after the fact, the minister's word is broken by cancelling the program. That's what this issue is all about.

The parliamentary secretary can dream in technicolour all he likes, he can announce \$5 billion, but does it mean anything? This is what we're talking about here.

The Chair: Mr. Anderson.

Mr. David Anderson: Well, I think the problem is that the member is thinking through the framework that the Liberals have had in the past, which is that they announce money time and time again and never deliver it. We have delivered the money. We heard, when the minister was here at committee, that this money will be redistributed and it will be committed to producers.

Actually, I think the member had asked if I was going to quote him. I'd like to quote him a little bit on what he said about this program:

My concern also is that you see the low uptake. You see exactly the same questions coming from at least three of the four parties, saying that they've heard from people that it isn't working and it's still in its pilot stage. Can't we be flexible enough, even as a public service, to say, okay, with a 10% uptake, clearly it's not working?

So that was the member's own comment about the program. The minister made a decision to listen to him and to take his advice. Now he's criticizing him for doing that.

Anyhow, it was in the nature of—

● (1715)

Mr. Charlie Angus: I have a point of order.

Again, I'm new to this committee, so I just want to clarify. Mr. Anderson is the parliamentary secretary, is he not? I remember Wayne was the parliamentary secretary, and we used to ask him those kinds of questions, so I just want to know, has the position flipped?

Wayne, are you back to being the parliamentary secretary and we're quoting you?

Some hon. members: Oh, oh!

The Chair: That's not a point of order.

Mr. Anderson, the parliamentary secretary, has the floor.

Mr. David Anderson: I think he wishes he could be, but he's not.

Hon. Charles Hubbard: Is he going to table these statements that he's making? Could we have those tabled with the clerk?

Mr. David Anderson: I think if you had your staff do the work and look through the media, you can find them. I think I have four pages of them, so I'll read them out again, maybe later.

Hon. Charles Hubbard: Mr. Chair, he quotes a letter. I don't think it's on a website, that letter.

Mr. David Anderson: No, I said "if you go to the media". They're media quotes, Charlie. If you go to the media, I think you'd be able to find all of these quotes. I'll read them back to you a little bit later so you have another copy of them.

Hon. Charles Hubbard: Can you give us the...? If it's a media quote, who, where?

Mr. David Anderson: We can certainly come back.

Hon. Charles Hubbard: Where, what paper was it taken from?

The Chair: Mr. Anderson, if you could supply it—

Mr. David Anderson: I think, actually, if you looked in Hansard, you might find most of it as well.

Hon. Charles Hubbard: No, no, but you're quoting—

The Chair: If you can supply us.... If you can't do it today, if you can do it next week, look up the source of your quotes, we'd appreciate that.

Mr. David Anderson: That sounds good.

I want to move on, Mr. Chair, to try to put another piece of the puzzle together, and that's the part about disaster relief.

One of the commitments we made during the campaign was that we were going to try to come forward with a disaster relief program that would work for farmers, so we are working toward putting a new disaster framework in place. Federal, provincial, and territorial governments have agreed in principle on a new disaster framework, subject to the appropriate authorities. That is going to be separate from stabilization programming, and this of course shouldn't be any surprise to anyone, because we've been working on this for a while.

With this government, we hope we'll be able to respond jointly to disasters and put in short-term actions that will then help producers quickly.

We've already done some things, Mr. Chair. We've put the \$90 million cover crop protection program in place. That program

provides assistance to producers who were affected by flooding and excess moisture in 2005 and 2006.

Total program financial approvals to date for that program are over \$63 million. So that program has worked well. I know in regions of my province and other places across this country, it was important for producers to have that help. There were places where people had so much moisture they could not even get into the field to seed their crop last year. We're seeing a little bit more of that this year, but not so far, to the extent we saw it last year.

Of course, it's a very frustrating situation for farmers when they find themselves not able to even seed their crop and they know they're not going to have any income for the year. That's one of the reasons we responded as quickly as we did, to try to help them out.

Also, \$16.5 million has gone to British Columbia to try to support flood mitigation work in the province this year. They may have flooding because of the large snowpack in the mountains, so this government has already moved to try to address some of that issue as well.

We had a drought in several areas of this country last year and some of it extended from the year before. One of the interests and desires of the minister has been to work with provincial governments in trying to come to some resolution with some financing for those situations.

I know my area is one of the areas where we have had a drought. An area there has drought for two years, but it's been frustrating, Mr. Chair, because the provincial government in my province refuses to even acknowledge there's a problem or an emergency. They just say their figures don't show there's an emergency. Even though we've got people who have run out of feed and dugouts are going dry, the provincial government has just said they're not accepting there's a big problem.

The British Columbia government has shown a little different reaction. They had drought in their northern areas and they sat down with the minister and talked to him and they've been able to come to some agreement. In the last couple of weeks, we were able to announce an investment of \$4.5 million in direct payments which, when combined with the Government of British Columbia's \$3 million, meant that \$7.5 million went to B.C. ranchers who are affected by drought. Of course this has meant ranchers will have help to pay increased cost for feed, for water, and for other expenses caused by the drought.

It's been frustrating for me to sit in a situation where we still have a drought in parts of my riding, and not be able to convince the provincial government there is any kind of a problem we need to deal with. If we could get them outside, we might be able to do something for these farmers.

I think our provincial government obviously has enough problems of its own. I think one of its cabinet ministers resigned today, and a number of their members have made a decision they're not running again because they see they're in trouble with the electorate, so that's made it even more frustrating, because they really seem to be a lame-duck administration at this point.

• (1720)

The Chair: Point of order, Mr. Angus.

Mr. Charlie Angus: Is he able to tell us how many Conservatives from the previous government are still in jail, just to keep us going in his discussion?

The Chair: That's not a point of order.

Mr. Anderson.

Mr. David Anderson: It may be an interesting point of order later, because there is some question as to whether the police were given accurate information from the present government. If I'm not mistaken, the House leader had to resign today, and they've got some problems. Last week their finance minister announced he's not running again. So obviously there's a situation there.

I want to move on to something a little more optimistic, and that's the biofuels industry, because we were in Washington yesterday and we were able to see they've done a tremendous job of developing their industry down there.

Hon. Wayne Easter: Mr. Chair, point of order.

The Chair: Point of order, Mr. Easter.

Hon. Wayne Easter: We can all be optimistic about the biofuels industry, and we learned some things in Washington, but the fact of the matter is the biofuels industry has nothing to do with this motion, which basically says that there are loose moneys as a result of the estimates we passed right now that are not targeted. They come from the reallocation of the family farm options program. According to the department's written answer to a question that I raised, \$246 million has been taken out of that program and not allocated as yet.

The motion is to allocate that money back to the program so that the minister and the government could live up to their word. It has nothing to do with biofuels and ethanol. We're talking about trust and the government here. You can't trust them.

So can he get back to and stay on topic, the family farms options program?

The Chair: Does this have anything to do, Mr. Anderson—

Mr. David Anderson: Oh, absolutely.

The Chair: —with family farms?

Mr. David Anderson: Absolutely. As Wayne pointed out, we have \$246 million that certainly needs to be reallocated, and the commitment has been made to do that.

To my mind, if biofuels is one of the really positive initiatives that we see in this country, we need to understand that maybe the agriculture committee needs to say that we really need a commitment to biofuels, and some of that money could go towards this.

It's important that I lay out the biofuels strategy and some of the help that we'd be giving to that industry, so that we can take a look a bit later and say, well, there's \$246 million that the minister has

committed to producers, and maybe we need to give him some suggestions about where that should go.

The first thing the minister did was hold a biofuels round table in Ottawa, and he wanted to talk to the industry. He wanted to provide a forum, so that they could come forward with ideas on a national biofuels standard in the industry and its development. He did that; it was an important initiative.

The biggest surprise for most of us when we came to power as a government was to find out that nothing had been done on this file, other than the one program to put money out to programs. There were no national standards in place, and there was no national strategy for dealing with biofuels. We were forced to start basically from square one. That's probably the main reason why the minister decided that if so, let's have a biofuel round table and bring people in from across the country. Then we can see what they want and what's important to them.

He then turned around and gave \$10 million to the biofuel opportunities for producers initiative to help the business planning and feasibility studies. I suspect that a good number of the members in this room have constituents who have accessed that program. It allowed them to do feasibility studies for biofuel projects with more than one-third producer ownership.

We think that one of the important things is to encourage producer ownership in these plants as much as possible. So \$10 million was given to that originally, and then this March another \$10 million was given to the program, because there was enough interest in the program that we felt it was important to give extra funding.

Obviously it's important to us, and it's important to producers out there, because they showed tremendous interest in this area and in this field. When we're talking about \$246 million, the producers may feel that we put some additional money in an important place.

We committed \$145 million to the agricultural bioproducts innovation program, and that's a five-year program, Mr. Chair.

I think this shows that this government is looking forward, and as Mr. Bellevance said, we need a long-term plan. We're trying to plan out further into the future, so that we can establish this industry in a stable fashion.

In this program, \$145 million was designed to promote research, development, technology transfer, and the commercialization of agricultural by-products, including biofuels for our country of Canada. We think it's going to benefit farmers. It's going to generate new agricultural knowledge and technology, and facilitate that transfer to those who can then commercialize those innovations.

Again we heard yesterday of the importance of this. Over the past 25 to 30 years the United States, as they developed the biofuels industry, they saw new technologies come in several different times. Even as we are sitting at this time, there are some new technologies coming forward, and we would expect that these would come into play in the new plants.

We heard yesterday that there are 116 plants already operating in the United States, and 81 more coming on stream within the next 18 months. They've made a tremendous commitment. At the office we visited, they had pictures up on the walls of many of the plants that have been set up. They're excited about this, and I think it's something that Canadian producers are excited about as well.

We also chose to announce a \$200-million program to increase renewable fuel capacity, by trying to get agricultural producers involved in the construction and expansion of the industry. It's called the eco-agriculture biofuels capital initiative; ecoABC is the acronym. This is the first program that we've had where farmers have a chance to get some help with capital and the development of the construction or the expansion of these biofuels facilities. That is a great initiative. It's expected to increase capacity by up to 1.5 billion litres, if we can get producers involved in the initiative.

Biofuels in my part of the world is a big thing. I think that most of the people at this table have seen its importance. There's obviously a discussion over ethanol and biodiesel, concerning which would be the fit in particular areas across this country. But clearly it's going to develop, and we need to be part of that.

• (1725)

Mr. Charlie Angus: I have a point of order.

Do we have a strategy for avian bird flu at this time that he might explain to us?

The Chair: That's not a point of order.

Mr. Charlie Angus: No?

The Chair: Mr. Anderson.

Mr. David Anderson: Thank you, Mr. Chair.

Science and innovation obviously is one thing that's important to government as well. It's one of the pillars of the APF. It's something we've been discussing lately. It's something this government actually feels is important also.

We have committed another \$6.5 million under 15 projects under the ACAAF programs that have been in place; \$3.2 million has been committed to Pulse Canada, an innovation project that they came and thought was a good project. The funding is going towards trying to develop new markets. That's something that we think is important, new markets for pulse crops such as lentils, beans, peas, and chickpeas.

We heard also in the United States that one of the focuses of their new farm bill is going to be putting money into specialty crops, and a lot of that money will likely go towards research and innovation in specialty crops, including horticulture. That's an important thing for us. If we're going to compete on an even footing with other countries, we need to have some ability to market our crops. We've put money towards this project in order to develop new markets.

There are a lot of high-value North American markets out there that we need to try to find and to develop. So that's what this is focused on. I guess the ultimate goal, of course, is that in the end producers are going to be able to have higher returns for their farm-produced products.

I think it was also clear that we needed to develop a new direction and strategy for science and innovation. So the minister has been aggressive in that area, in trying to present a new strategy for agriculture science and innovation that will focus on maximizing research opportunities. Several of us have research stations in our ridings, and we understand the importance of research.

I had a chance, actually, to talk to Dr. Fortin a couple of weeks ago. He said that he had been out in Swift Current, which is where we have a research station. He said he was amazed. They have a hall of fame up there, Mr. Chair, where they have pictures of the researchers over the years, but they also have displays of the different varieties of wheat that have been developed in that research station.

It's interesting, because it's almost a history of wheat development, particularly in western Canada. You can go along, and those of us who have farmed, you can—

• (1730)

Hon. Charles Hubbard: Can you slow down? I'm having trouble taking notes.

Mr. David Anderson: I will try to slow down for you, Charlie.

The Chair: And in consideration of our fine interpreters.

Mr. David Anderson: Exactly.

Anyway, I just get excited when I talk about the Semiarid Research Station in Swift Current, because it has had a tremendous history over the years of developing varieties and products that have made a huge difference for western Canadian producers in particular.

If you were reading the news about three weeks ago, you would have seen that AC Barrie, which is one of the varieties that was developed in Swift Current, is up for an award for being one of the most influential varieties that has been developed.

Every one of us here, I think, would agree that the science and research opportunities are extremely important. We want to try to build relationships between government and the private sector and academics in order to try to support a profitable agriculture sector and agrifood sector.

To do that, we've invested \$22.1 million in 230 research projects across this country that are going to bring some of that forward. It's important that they're right across the country, of course. My area.... I'll just talk a little bit about Saskatchewan, because I'm sure people are familiar with the projects in their own areas. There was \$3.7 million given to 27 projects that will be developed in Saskatchewan, dealing with various research projects. So that's a program that has been available across the country, in each of the research areas that we find to be important.

We've also given \$2 million to the National Research Council for nutrisciences and health, biosources research, and that's a capital contribution towards developing a national council institute. Actually that's in Wayne's part of the world, on the University of Prince Edward Island campus, another important initiative to show that this government is reaching out to producers and researchers across the entire country.

We've created 17 new scientific professional positions. Half of them will focus on new science, supporting new opportunities and new markets.

We have a \$134-million agri-opportunities program, which is a five-year program that provides funds to try to accelerate commercialization of new agricultural products and services. This is an important thing. When you travel around the world, you know the importance of each country being able to promote its own products. Canada is no exception to that. We have begun to do that. We need to focus on that, of course, in order to brand our products as the safe and healthy food products that they are, so that we can then compete and sell our products around the world.

The Chair: May I interrupt? The time scheduled for the agenda has expired. If everybody's okay, I'll adjourn the meeting.

Hon. Wayne Easter: I don't know how long the parliamentary secretary is going to go on in this vein, Mr. Chairman, but it is interesting that the government is holding up the work of the committee itself. I assume by adjourning the meeting now that the motions will be the first item at the next meeting.

The Chair: It shall be the first order on the agenda.

Hon. Wayne Easter: I would like the parliamentary secretary to keep in mind that we would like to get our agriculture policy

framework recommendations to the government—it's to their advantage—before Parliament closes. We have to finish the Canadian Wheat Board report and we have some other business to do. So if the government continues to obstruct the work of committee, it could get serious, because we can sit here while the parliamentary secretary reads papers, but we would really, on this side, like to get some work done.

The Chair: Mr. Anderson.

Mr. David Anderson: One comment on that, I guess, and that is anytime I can present the government's agenda on agriculture, I'm glad to do that. I think it's an exciting agenda.

I also want to note once again that we have not obstructed the work of this committee. Mr. Bellavance was the only member of the opposition who would agree with me that we should hear witnesses prior to dealing with the motions today. So I want to leave it at that.

Mr. Paul Steckle: Point of order. That is not a correct statement. There was cooperation on this side of the House today, on this side of the table.

Mr. David Anderson: I talked to all three critics yesterday and today, and the only one who would agree to work with me was Mr. Bellavance, in order to hear the witnesses today.

Mr. Paul Steckle: Mr. Easter and I and others as well have agreed to do this today.

● (1735)

Mr. David Anderson: You did?

The Chair: Gentlemen, if I may get—

Mr. Paul Steckle: But if I might continue on that note, I think we've heard a lot today. It's more than we can digest in one day. I think the parliamentary secretary ought to get some figures together for the next meeting telling us clearly how he's going to spend that \$246 million and how that's going to be appropriated, because we've heard a lot of numbers and a lot of programs floated this afternoon and how that's going to equate to many dollars reaching the pockets of ordinary farmers. So on that note, I would just admonish him to get those numbers together for the next meeting. I look forward to those numbers.

At this point I'm going to move a motion of adjournment.

The Chair: A motion to adjourn is on the table. It's non-debatable.

(Motion agreed to)

The Chair: The meeting is adjourned.

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