House of Commons
CANADA

Standing Committee on Agriculture and Agri-Food

AGRI • NUMBER 010 • 2nd SESSION • 39th PARLIAMENT

EVIDENCE

Tuesday, January 29, 2008

Chair

Mr. James Bezan

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● (0905)

[*English*]

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

We make sure that every six months or so we have the PMRA come in and give us an update on how things are going. So we have Karen Dodds, who is no stranger to the committee—I welcome you back—and Richard Aucoin is also joining us today. So I'll open it up to you to make a ten-minute presentation, and then we'll turn it over to the committee for questions.

Ms. Karen Dodds (Executive Director, Pest Management Regulatory Agency, Department of Health): Thank you very much, Mr. Chair.

[*Translation*]

Good afternoon, honourable members of Parliament and distinguished participants.

Thank you for inviting us to appear today to provide you with an update on the activities of the Health Canada Pest Management Regulatory Agency since we last met in February 2007.

[*English*]

We have submitted to you today a report that outlines key activities of our agency, showing recent trends, and it provides updates on key issues involving the agriculture sector. Trends are presented for a number of activities, including new active ingredient registrations, minor use registrations, and review performance. Some notable agency successes are presented, including the approval of the first NAFTA-labelled pesticides, Canada's participation in global joint reviews with its Organization for Economic Cooperation and Development counterparts, and the introduction of a new policy for the registration of generic pesticides.

[*Translation*]

I, or my colleague Richard Aucoin, the Chief Registrar, would be pleased to answer questions on this material. I will take a few minutes to highlight some of the activities that have provided, and will continue to provide, benefits for Canadian growers while maintaining strong protection standards of human health and the environment.

[*English*]

One of our accomplishments over the past few months is the ongoing implementation of an improved system for registering generic pesticides. We consulted on and made improvements to our data protection policy as requested by grower groups and industry.

The primary goal of our new policy is to provide fair protection of the proprietary interests in data to encourage the introduction of new and reduced risk pest control products, while at the same time providing a predictable timely process for the introduction of competing generic pesticide products to the Canadian market.

I'm also proud to report that we've seen a substantial increase in the number of reduced-risk chemicals and bio-pesticides, which is indicative that registrants are seeing the benefits of registering new technologies in Canada, and that they're not deterred by regulatory requirements.

This increase has, however, slightly affected our ability to meet our review performance target of 90% for category-A submissions in the first two quarters of the 2007-08 fiscal year. Where we didn't meet performance standards, our delays were typically limited to under two months. However, in the same timeframe, we've registered more new active ingredients in major new uses in this fiscal year—that's the first half of this fiscal year—than all of last fiscal year.

New resources from the recent “Enhancing Access to Pest Management Tools” Treasury Board submission are expected to help resolve this drop in review performance, as well as contribute to our ongoing initiatives related to agricultural competitiveness. For example, we continue to work on key initiatives aimed at increasing the availability of newer, lower-risk pesticides for growers in Canada.

The minor use program, a collaboration between Agriculture and Agri-Food Canada and Health Canada, as well as active-ingredient-targeted projects, such as Project 914, have yielded hundreds of new minor use registrations in the last year. Project 914 was piloted for three new active ingredients selected based on input from grower groups such as the Canadian Horticultural Council. To meet a six-month review timeline, we made use of the United States Environmental Protection Agency's data package and reviews for these same active ingredients. In 2007 these registrations yielded 479 new minor uses for growers from a wide range of agricultural sectors.

[*Translation*]

The agency is also involved at the international level on this issue, participating in the first Global Minor Use Summit in the fall of 2007. On the topic of international collaboration, we continued to work to address the areas where streamlined processes would benefit Canadian growers.

[*English*]

This is evidenced by recent successes such as the registration of three NAFTA labels, Canada's participation in the first ever global joint review of a new active ingredient, and the fact that over 40% of new active ingredients registered in Canada go through joint reviews or work-sharing with the United states or global partners such as Australia and Europe.

NAFTA labels allow the free movement of product across the U. S.-Canada border to the benefit of growers on both sides. Many other products have been nominated as NAFTA label candidates, including new products undergoing joint review. These activities provide Canadian growers access to new products at the same time as their competitors with a built-in price discipline mechanism, which was the preferred solution recommended and strongly supported by every grower association represented on the own use import task force in 2006.

This brings me to my next topic, the grower-requested own use import program, GROU. Since our last meeting in February 2007, and in keeping with the recommendation of this committee, we maintain growers' access to the OUI product ClearOut 41 Plus while implementing the new GROU. In a recent development, the manufacturers of ClearOut 41 Plus announced their intention to make available to growers the Canadian-registered version of their product, which has been registered since early 2006. Although they intend to distribute the product through one supplier only, the result is that growers will no longer have to apply for an OUI import permit in order to access this popular generic herbicide.

As for the OUI task force members' commitments, grower groups in the pesticide industry continue to collaborate on the growing list of available of GROU products. This program allows growers in Canada to import the U.S. version of a Canadian-registered product if it is available to their competitors at a lower price.

There are currently six approved GROU products, with an additional seven submitted for review. These products represent a wide range of uses and meet the needs of growers from across Canada in all commodity sectors.

The GROU nomination committee, made up of all key national grower groups as well as the Canadian Federation of Agriculture, is the body responsible for making submissions to the PMRA for consideration in the GROU program. This group has a number of additional priority products that are under discussion for possible submission to the program.

Finally, we continue to work on re-evaluating older pesticides using modern scientific standards. In some cases registrants are required to add new mitigation measures to their labels in order to satisfy today's environmental and health risk assessments. One example affecting the agriculture sector is the addition of buffer zones to older pesticides in order to protect environmentally sensitive areas and allow the continued registration of that pesticide in Canada.

These buffer zones can pose challenges to growers, and we have committed to work with grower groups and the provinces on buffer zone issues as we try to balance the goals of environmental protection and agricultural sustainability. For example, in March we'll be holding a workshop with stakeholders, including grower groups, to discuss buffer zone issues.

● (0910)

[*Translation*]

I would like to stress that our primary mandate is the protection of human health and the environment. The initiatives that we have undertaken are intended to provide our growers with the necessary tools to remain competitive in this increasingly competitive global market, while continuing to ensure that human health and the environment are protected.

[*English*]

We hope to continue the positive momentum that has been achieved over the past few years with the agricultural sector.

Thank you, and I look forward to answering your questions.

[*Translation*]

The Chair: Thank you, Ms. Dodds.

[*English*]

Mr. Steckle, go ahead for seven minutes, please.

Mr. Paul Steckle (Huron—Bruce, Lib.): Good morning, Madam Dodds. I thank you and Mr. Aucoin for appearing.

We have had many meetings with PMRA over the past number of years that I've been involved in this committee. If there is one agency that has probably been named as being a bit of a thorn in farmers' sides, it's the way PMRA has worked in the past. But I believe we have moved beyond that to a point where I see some progress, and this is possible today probably thanks to a lot of your work. I like to be complimentary whenever I can, and I think this is one time we ought to recognize the work done.

As Canadians we've always talked about the kind of work we need to do towards harmonization, towards getting products that are used in the United States also being allowed to be used here.

The argument that is always made is that if you can buy a tomato that's grown in California and it is grown under a different product label, which is not allowed here, yet we allow the tomato to come in, why wouldn't that be allowed here? We keep getting those arguments. We talk about labelling and that we need a better identity of Canadian product, and what does “Canadian product” mean.

We didn't come here to talk about labelling, but I think it all goes back to the argument that can be made by a consumer and certainly can be made by farmers as to why are we not more flexible or perhaps more in tune in terms of the harmonization of products.

I didn't have an opportunity to look at the report here, which just came, so I'm sure some of that material is there. But perhaps you could bring us up to speed and tell us where we were four years ago compared to where we are now. And I know what you're trying to do is to give us some progress reporting. Could you just bring us up to speed as to where we were, where we are now, and how much more quickly the system is working today than it did four years ago?

● (0915)

Ms. Karen Dodds: One of the chief advancements is the current practice of doing joint reviews with the United States. It's really in our favour to do that. With new actives, when they're undergoing joint review, the experience is that they're then introduced to both the U.S. users, the farmers, and the Canadian users, including farmers, at the same time with the same maximum residue limit applied for the pesticide.

And more and more, as I said in my opening comments and as you'll see in the report, we're undertaking these joint reviews. So that is helping to make sure that U.S. and Canadian farmers have access to the same pesticides at the same time.

Through projects such as 914, we've also worked to address some of the older products—not necessarily very old, just within the last number of years—where the United States registered products and they weren't brought to Canada, and we have then looked at those products, using U.S. reviews, and it's really expedited the timeline. So, as I mentioned, within six months we reviewed and registered these actives under Project 9l4, which resulted in hundreds of minor uses, which is very favourable.

Is there anything you wanted to add, Richard?

Dr. Richard Aucoin (Chief Registrar and Director General, Registration Directorate, Pest Management Regulatory Agency, Department of Health): Just that there are so many other advantages to doing this kind of a work-sharing joint review approach.

We have, as Karen has pointed out, a history of working closely with the United States, but increasingly we're working in a global environment, so we are working with our global partners to see that these new technologies that come available for farmers are accessed around the world in a similar timeframe. That's very important, of course, for our Canadian growers' export markets to be able to use those chemicals.

Mr. Paul Steckle: That's a very important point. I kept referring to our American neighbours as the only people we have to be concerned about, but certainly when we talk about Chilean products, whether it's a Chilean apple or something from Brazil, we need to make sure all of these countries with whom we're trading partners also become compliant.

That is going to be an ongoing issue we're going to have to deal with. In the future we have to deal with the issue of this product that we now want to call "Canadian", or what is Canadian, at least allowing Canadians the ability to identify what product they want to buy, whether they want to buy a Canadian product or whether they want to buy a product from offshore, from some other country.

On the question of own use permits, comparable to what we know as GROU, I realize we're moving in another direction, but do you see these programs as being complementary? I know some farmers want to see both these running in tandem. Could you see this happening, or have we moved beyond that point and do we need to look forward?

Ms. Karen Dodds: All the grower groups we've been in discussion with are very satisfied with where we are, not just with the GROU program but a number of the other recommendations made by the OUI task force, which includes things like the NAFTA label, where I said we have three approved NAFTA labels. Last year when I was here, we had just approved the very first one, and now three have been approved, with seven more under consideration and others still to come. It's the same thing with the joint review projects. They're very, very positive about those. GROU currently has six approved, and seven more are under consideration. The seven are nominated by grower groups, trying to make sure it's looking at different sectors, whether the horticulture sector or the grain sector.

From what we've been hearing from grower groups where we have representation on the committee that recommends the pesticides to us, they're very positive about GROU and the progress we've been making on other fronts as well.

● (0920)

The Chair: Thank you.

Monsieur Bellavance.

[*Translation*]

Mr. André Bellavance (Richmond—Arthabaska, BQ): Good afternoon. I am very pleased to see you again. First, I would like to introduce my colleague, the member for Saint-Hyacinthe—Bagot, Ève-Mary Thaï Thi Lac, who is new to the Standing Committee on Agriculture. You are of course aware that agriculture is extremely important in the area she represents. Ève-Mary is now deputy agriculture critic for the Bloc Québécois. She now replaces Jean-Yves at this table.

Thank you very much for your evidence. We meet you about every six months. As Mr. Steckle said, we are noticing progress in some registration programs. But I was reading in the Library of Parliament document that the PMRA no longer examines requests about new products under the Own Use Import program. Can you explain that exactly?

[*English*]

Dr. Richard Aucoin: One of the commitments we made in extending the own use import program was to allow the existing products to be part of that program until at least June 2008. Our commitment was that we would then re-evaluate the program to see if programs such as the own use import program, the GROU program, and the NAFTA labels were meeting the needs of stakeholders. So we agreed to continue the ClearOut 41 Plus own-use import possibility until at least June of this coming year. That would take care of the 2008 use season.

[*Translation*]

Mr. André Bellavance: I would just like to know why this is the only product presently being examined. Why has the PMRA stopped examining other products?

[*English*]

Dr. Richard Aucoin: We did have a large group of stakeholders who came to a consensus on the own use import program and there was a task force established. There was a general consensus that we would take this approach, that we would try to encourage the introduction of other products through the GROU program, that we would take more steps towards introducing NAFTA labels, labelled products that would allow many more products to move freely across the border.

Other recommendations were, for example, to implement a new data protection policy that would allow the introduction by other more generic companies, to gain registrations perhaps more easily in Canada for some of those same products that are currently registered in the United States.

[*Translation*]

Ms. Karen Dodds: We have a bigger concern with that program.

[*English*]

The first preoccupation was the issue of recycling of containers. Currently, in the Canadian marketplace, 70% or more of containers are recycled by a program that's maintained by industry. Industry obviously was not interested in taking on the containers from the OUI program, since they were getting no financial profit from the OUI program. We looked at the issue of container recycling and did some inspections on that, and the results were very poor. So it was very much a concern for the environment, what was going to happen with these used containers from the OUI program.

The other issue we had was that we had no way of maintaining knowledge over the state of the U.S. product and whether or not it was changing with time and losing comparability with the Canadian product, because there's no heads-up system to us as to changes in formulation of the U.S. product. We did have concerns for both health and the environment with respect to the formulation changing in the States and not having any notification of that in Canada because it's a moment-in-time comparison that was done to approve things under the OUI program.

[*Translation*]

Mr. André Bellavance: How do we compare with the Americans? United States producers must pay recycling fees for the containers, I imagine. How exactly does their system work? You say that ours is not quite up to speed. What are you doing to make it possible to recycle the containers as efficiently as possible?

[*English*]

Ms. Karen Dodds: Under the GROU program we have worked with farmers, growers, and with industry. CropLife has developed a program whereby they will accept containers from the GROU program. Growers must pay an additional charge when they get their import permit. The cost was not negotiated by us, but between growers and industry so growers then have the convenience of just taking these containers back as they would with a Canadian registered product. The GROU product is looked after in that fashion.

Under the OUI product, in the States they do not have a container recycling program. Their rate of return of containers is very low. I believe it's about 20% compared to our 70%. They are now looking at putting regulations into place to try to increase their rate of return.

● (0925)

[*Translation*]

Mr. André Bellavance: So our producers have to pay additional fees for the recycling.

[*English*]

Ms. Karen Dodds: For the GROU program, if they're importing product from the United States, yes, but remember, to want to buy the U.S. product there is supposed to be a significant price differential between a Canadian product and the U.S. product. Those who are nominating products for GROU should keep in mind whether there is still a good differential in price, including the container fee.

[*Translation*]

Mr. André Bellavance: Since the rise in value of the Canadian dollar, have you noticed any narrowing of the price differential between American and Canadian products? Has there been an impact on prices?

[*English*]

Ms. Karen Dodds: Agriculture Canada has agreed to do some surveillance of prices and price differentials.

[*Translation*]

Mr. André Bellavance: But up to now, there are no indicators or studies that show you that there have been any changes in that direction since the sudden rise of the dollar. Is that correct?

Ms. Karen Dodds: It is.

Mr. André Bellavance: OK. Thank you.

The Chair: Thank you very much.

Mr. Lauzon, you have seven minutes.

Mr. Guy Lauzon (Stormont—Dundas—South Glengarry, CPC): Thank you, Mr. Chair.

First, I would like to welcome Mrs. Ève-Mary Thaï Thi Lac who is now a member of this committee.

[*English*]

Thank you very much for your appearance this morning.

One of the things that caught my attention in your presentation: Our minister has brought me along trying to instill in me that our ministry is trying to put farmers first. Somewhere in your comments you mentioned you have quite a positive relationship with farmers, and my ears perked up. Can you expand on that?

We're trying to develop programs, of course with farmers' input, that are made essentially by farmers, and for the good of all the people concerned. Can you tell me how that relationship is working and expand a little on that comment?

Ms. Karen Dodds: I won't say it's certainly been the situation for much of PMRA's history. When I started, one of the first things I did, and encouraged other staff to do, was to get out and meet farm organizations. Within the first week one of the meetings I attended was the annual meeting of the Canadian Horticultural Council. I have pretty much gone from coast to coast meeting with farmers and farm organizations from P.E.I., Nova Scotia, New Brunswick, Quebec, Ontario, Saskatchewan, Alberta, and British Columbia.

You can't meet with all Canadian farmers. There are hundreds of thousands of growers, but in going across the country you do meet with those who are very interested in their industry and interested in trying to make a positive contribution to where their industry is going. I have spoken with farmers who probably wanted to throw rotten tomatoes at me, but I have spoken with farmers who are very interested in trying to improve their growing practices, their agricultural practices.

I found their associations very open to discussion. We have certainly benefited enormously over the last two or three years from the input from farm organizations and grower organizations in terms of what pesticides they're interested in, the technology gap, and the difference in the number of products registered for different uses in the States versus Canada. We will never completely close, and we explained to farmers that a lot of the products they were interested in were older pesticides and they wouldn't meet our current standards, but we were very interested in working with them on some of the newer products where we realize there is either a lower risk to human health or a lower risk to the environment. Again, a project like 914, where all parties have a role to play in saying these are appropriate products for us to look at, has been very positive.

● (0930)

Mr. Guy Lauzon: That's good to hear.

I think what you're saying is that things are improving in that relationship, and there is more buy-in from the farmers themselves. It's been my experience that having people be part of the solution is the best way to address the problem.

Something that seems to be a bit of a concern is that over this transition from the one program to the other, from the OUI to the GROU, how can you make the industry feel comfortable? Is there a way to extend this transition to make sure that the transition is smooth and to try to minimize any differences or any minor problems that might occur? Is there a way to extend the OUI until the GROU is completely in place?

Ms. Karen Dodds: Under the OUI, the only product that currently has a permit is the ClearOut 41 Plus. Its permit expires at the end of June this year. That product is normally used in the springtime anyways, and farmers who wish to use it this fall can import their full growing season amount in the spring so it can take them over the full growing year. But as I said in my introductory remarks, the manufacturer has also said they are going to sell the product on the Canadian market. So there will be the same product north and south of the border. Why would the farmers want to go south of the border unless the manufacturers themselves maintained the price differential north and south of the border?

Mr. Guy Lauzon: Okay.

The other thing that caught my attention was the global joint reviews you mentioned. Can you expand on that? How do we compare? We know that our food supply is second to none. How are we matching up? Maybe you can give us a little more detail on that.

Ms. Karen Dodds: I will ask Dr. Aucoin to answer, because he has been a key person for us in that area.

Dr. Richard Aucoin: Through the global joint reviews, we have already spoken to some of the advantages we see to doing those from the standpoint of allowing our growers to gain access to some of these new chemistries in a similar timeframe. The other very important aspect of this is that because we're working with a number of other OECD countries at the same time, we also have access to each other's science. We have access to each other's risk assessors and scientists, and we're able to make much more robust decisions for all our citizens if we're working together in a larger group assessing these chemicals all at the same time. We gain a lot from that, and I think that adds a lot of confidence into the system regarding these chemicals, their properties, and their safety.

Mr. Guy Lauzon: Do you see this as sort of opening up some extra markets for us or possibly some new markets, because we're getting to be on the same page, and we're meeting their requirements as well as our own?

Dr. Richard Aucoin: Absolutely.

Certainly among OECD countries, it levels the playing field in terms of the kinds of tools that producers have and also in terms of the export markets they would like to enter into. Those countries have already assessed that chemical as well, and ideally if we're working together and we can come up with similar maximum residue limits on food commodities, that will also encourage the free trade of those commodities among countries.

Mr. Guy Lauzon: I think Ms. Dodds said that the relationship is improving in that process as time goes on.

Dr. Richard Aucoin: Absolutely.

I wanted to quickly point to a comment you made earlier about our working with grower associations with Canada. Another interesting outcome is that we believe that we have facilitated, at least to a small degree, the relationships between grower associations in Canada, the United States, and Mexico. Some of the NAFTA work that we do involves getting both these grower associations and stakeholders together with the governments at the same time to talk about these issues.

The Chair: Thank you.

Mr. Atamanenko.

Mr. Alex Atamanenko (British Columbia Southern Interior, NDP): Thank you very much.

Thanks for being here this morning.

We're doing a review, and we're trying to improve the system to make it easier for our producers to have a level field with those they compete with in the world. We've heard over and over again, "Why can't we use these products? They can use them there, and yet we're importing their food." You know, that whole story. We know that sometimes we don't have a level playing field, because we have various organizations such as the WTO and NAFTA, which often make it difficult for us to institute a buy-Canadian policy in our institutions. We've seen that response from the government to our recommendation to the reports. In other words, we have all these trade challenges that we have to be careful of when we're doing business.

There is a growing number of Canadians who are worried about what they call the security and prosperity partnership, which in a nutshell is advocating more or less a complete harmonization of all aspects of our economies, not only agriculture, but other aspects of our life. A number of people are concerned. They see that often this means, or can mean, a lowering of standards, and of course there are health concerns.

The question is, if in part this can be the case when we're looking at various products for our farmers and for Canadians, how we get a balance where we keep in mind that we have to look at health concerns, but at the same time ensure that we can assist our producers to get that level playing field.

The fruit growers in my area have mentioned to me that there are actually better products that are more environmentally sound that Americans are using, that are better for the environment and for health, that we can't get here, and we have to use the old ones that are more damaging. So this is the other way where harmonizing would be better.

So I guess my question is, do we have a certain standard that we say this is it, when we're doing this—we're not going to get below this? Does this fit in not only with what's happening in North America, but does it address some of the standards that are in Europe, for example, in the European Union, which often, in regard to pesticide residue levels, are higher than what we have? How do you come up with an answer that meets the needs of our producers, that meets the needs of the health of Canadians? I'm just wondering if you could maybe shed some light on this. These are questions I'm thinking of and people are asking me.

● (0935)

Ms. Karen Dodds: I'll try. It's a difficult subject.

To protect human health, countries around the world have an absolute standard below which they will not go. We do as well. Protecting human health, we say, and the environment, are our primary mandates. But the act is clear: we have to consider the competitiveness of the agriculture sector and we have to consider providing tools—pesticides—to users in Canada.

For human health, when you think of consuming residues on foods, there is, based on the toxicity of a pesticide, an absolute amount that we won't let you consume above. Now typically, in any country, a number of pesticides are contributing to that amount. The difficulty comes because we don't have the same multiples of pesticides registered in every country.

In Canada, if I say, for chemical A, that we have ten products that have chemical A in them and we're going to make sure you don't consume above this amount, we might set an MRL of ten for each of the ten. In the United States they might have 200 different pesticides that have that active in it. They might have to set a lower MRL to make sure that the total consumption doesn't go above that level. They might have two pesticides and could set a higher MRL to make sure you don't go above that consumption.

The reaction of the human body to a chemical remains the same no matter if you're here, in California, in Cuba, in New Zealand, or in Japan.

With respect to the effects on the environment, that can be quite different. It obviously depends very much on the kind of environment in which you're using a pesticide. For example, we know that sun decomposes or breaks down most pesticides. So if you're in a tropical country with a lot of sunlight, the level of pesticide in the environment is likely to deteriorate faster with time than if you're in Canada, which has a northern climate. You're trying to control both environmental exposure and human health exposure through the use of the pesticides. Because they can be used on many different foods, you have this concern about maximum residue limits and differences all over.

When we look at safety, we look at the toxicity of the pesticide. We look at, in Canada, what foods it's used on and what foods are imported into Canada with potential pesticide residues. We have data on what Canadians consume, and that goes from infants right through to seniors, broken down by subpopulation group and gender. We synthesize all those things when we're setting an MRL.

There is often the ability to protect human health and protect the environment and change an MRL and change use, but sometimes there isn't.

● (0940)

Mr. Alex Atamanenko: We know that we accept products into Canada for consumption that could have higher MRLs than those products would have if they were grown in Canada.

Ms. Karen Dodds: It might be higher, it might be lower. There are always products brought in that we don't grow in Canada at all, and we incorporate those residues, if we know they have those residues on them, into our risk assessment.

Mr. Alex Atamanenko: So if you took a tomato grown in the field in Ontario and one grown in Mexico, it's possible, because of the exposure to sun and the type of climate, that the MRL could be higher in the tomato in Mexico and still be acceptable for our health here, as opposed to the tomato grown in Canada. Is that what you're saying?

Ms. Karen Dodds: When we establish maximum residue limits, they apply to both domestic and imported foods. The tomato grown in Mexico and imported into Canada has to respect the MRLs we've set in Canada for tomatoes grown with the same pesticide.

The Chair: We're going to kick off our five-minute round. We'll go to Mr. St. Amand.

Mr. Lloyd St. Amand (Brant, Lib.): Mr. Chair, I'll be splitting my time with Mr. Easter.

Ms. Dodds, Mr. Aucoin, I'm relatively new to this committee, so if a couple of questions I have are on the naive side, just know where they're coming from.

You mentioned in your report some funding, specifically $20 million over four years, under the chemicals management plan, and some $19.3 million over four years under the enhancing access to pest management tools initiative.

Does the agency receive adequate funding to do all that you are required to do under the legislation?

Ms. Karen Dodds: Somebody who's working in the area of health and safety can always say, “If we get more money, we can do more”.

We do have some cost recovery. We have a cost recovery review underway now; it's at the latter stages of review. What we found for the first time in the history of PMRA—the last fiscal year and this fiscal year—is we will actually exceed the amount of cost recovery that we're allowed to keep. We've had more submissions come in in the last two years than we've had before. So the amount of cost recovery fees that we have brought in has exceeded the envelope that is set by Parliament for us.

One of our recommendations will be not to increase costs, but to increase the level we're allowed to keep. Because what happens now is those dollars flow in to us, and once we hit our ceiling they go into general revenues instead of our being able to keep them. As we've said, when you improve your reputation with registrants and you get more submissions in, we're collecting more fees and we're not keeping all of the dollars. A lot of those dollars are going into the central funds, whereas these are dollars the registrants have been paying for our work in reviewing pesticides.

Mr. Lloyd St. Amand: On another tack entirely, I take it that Canada's safety record vis-à-vis our food is arguably second to none in the world. Is that fair to say?

● (0945)

Ms. Karen Dodds: The Canadian Food Inspection Agency, since its inception, has been responsible for enforcing the maximum residue limits on foods, and its results are very favourable in terms of the number of samples they take and any that are in contravention of the maximum residue limits. I can't remember actual numbers, but it's very low.

Do you have them, Richard?

Mr. Lloyd St. Amand: It's an impressive record that Canada has established.

With respect to the United States, and I'm not talking about volume but types of products sold, there are products sold in the United States that are not sold in Canada. Approximately how many, or can that be quantified? Again, not the volume, but the type.

Dr. Richard Aucoin: I don't think that's very easy to quantify. I know it's a very significant number of products available to you as producers.

Canada, especially in the area of minor use pesticides, is not a big market. There are a lot of manufacturers in the United States that for business reasons simply cannot bring those products to Canada. Our approach has been to try to do as much joint review work and encourage the simultaneous submission of those products.

Mr. Lloyd St. Amand: But there is a gap. For those farmers who contend that the gap is widening rather than narrowing, are they correct?

Ms. Karen Dodds: That's where we're really making an effort to ensure that the gap is not just not widening but is decreasing. At the same time, as I said earlier, we've been clear that much of the gap was developed from older products. We are not really interested in spending resources on reviewing older products when there is a general recognition that newer products are better for human health and better for the environment. We're really interested in trying to make sure Canadian farmers have access to the newer generation of products that the American farmers have as well.

Mr. Lloyd St. Amand: Okay.

Is there more time?

The Chair: There are only about 30 seconds left.

Hon. Wayne Easter (Malpeque, Lib.): I'll save it until next time.

The Chair: Okay.

Mr. Storseth.

Mr. Brian Storseth (Westlock—St. Paul, CPC): Thank you very much, Ms. Dodds, Mr. Aucoin, for coming in.

Originally you worked with the grower groups. They had 12 recommendations or priorities that they wanted to see put in the GROU program. Is that correct?

Ms. Karen Dodds: Apparently there were three sets of priorities.

Mr. Brian Storseth: All right. I'm just getting it off your website here that a pilot project for GROU was conducted in which, of the products, there were 12 priorities submitted by grower groups. Now, is it correct that eight of these were used for the pilot project in 2006? How many will actually be included in the GROU program?

Ms. Karen Dodds: There will be six.

Mr. Brian Storseth: So was there a problem with two of the eight? Outside of that eight, how many of the 12 were actually included after?

Ms. Karen Dodds: We looked at the 12. One of the requirements in terms of the chemical composition that impacts human health in the environment is that the products be the same. Of the 12, a number were eliminated because with a quick review of the U.S. formulation and the Canadian formulation, it was seen that they're not comparable products. Even though some of them had the same name north and south of the border, the formulations were significantly different. That's why of the 12, four of them were found not to be equivalent and were not part of the program. Always for both OUI and GROU, the two products have to be equivalent.

Mr. Brian Storseth: And what happened to the two we've since dropped from the pilot program?

Ms. Karen Dodds: Those two, I believe, dealt with patent issues and how recently they had been brought to market when the registrant still had strong patents on them.

Mr. Brian Storseth: So it's PMRA's position then that of the twelve priorities, several of them weren't actually the same product, chemically?

Ms. Karen Dodds: Right.

Mr. Brian Storseth: How successful is your new data protection policy to facilitate registration of generic pesticides?

Ms. Karen Dodds: It's been very good.

How many submissions have we had already?

Dr. Richard Aucoin: I don't have the numbers, but there is a whole series of new chemical submissions that have come in since we began implementation in July.

Ms. Karen Dodds: There have been eleven.

Mr. Brian Storseth: Eleven submissions? How many have been approved?

● (0950)

Ms. Karen Dodds: I don't think any have made it through yet.

Dr. Richard Aucoin: None have made it through yet.

Mr. Brian Storseth: And this program started, as expected, in July of last year? Do you have any idea when the first ones will be approved?

Ms. Karen Dodds: We have a timeline set for how long it will take. I doubt it's shorter than 12 months. So we didn't expected to come to a decision on any of those.

But this is an area where Canada has suffered because there has not been a healthy generic industry in Canada. So what we did with our data protection policy was to make very significant changes. Before, the branded products could in essence evergreen their data protection period by adding in new data at any time they wanted. We put a stop to that. Under our new act, whenever we need or want information, we can demand it of a registrant. So this old custom of the registrant submitting information without our request for it is of no real purpose or use to us. So we set a fixed period for data protection for the branded products, upon which generics can then enter the market very easily. It adds real predictability to the system, which the generic manufacturers told us was needed.

Mr. Brian Storseth: But it's going to be at least another six months before we see if it's a real success or not?

Ms. Karen Dodds: We can get back to you with the timelines. My estimate is that we said it would be about 12 months, but I don't recall.

Mr. Brian Storseth: I'd appreciate it if you could do that for us.

I want to touch base on something you mentioned earlier about ClearOut 41 Plus. The perception is that the manufacturer is going to be distributing this both north and south of the border.

Ms. Karen Dodds: That's our understanding from the Canadian registrant, who is the manufacturer in the U.S. as well.

Mr. Brian Storseth: And we're assuming that the price is going to be the same?

Ms. Karen Dodds: We don't assume that.

Mr. Brian Storseth: So wouldn't it be pertinent for us to continue with this program until we know the price is going to be the same? Isn't the purpose of this program in the first place—to quote the actual committee motion—to make a "more producer-friendly Grower-Requested Own Use program"?

Ms. Karen Dodds: I'm not a financial person, but if the U.S. person chooses to market the product in Canada and bear the expense of marketing and distributing it in Canada, my assumption would be they're going to put it at a competitive price; otherwise they've incurred a loss if they're making it available to Canadian growers in Canada but have all of the sales happen in the United States.

Mr. Brian Storseth: Isn't that the reason we have this program in the first place, because there were manufacturers in the United States not doing exactly that? Isn't that the reason the industry and the growers I talked to are demanding that we expand this program, not shrink it—because there are products being sold in the United States for significantly below what they're being sold for in Canada?

Ms. Karen Dodds: But not where, at the same time, farmers can import the product.

This summer, up until June of this year, farmers have a choice: buying at the Canadian retailer or going south to bring it in. All along, the OUI program was intended to make sure it was this choice that created the price discipline.

Mr. Brian Storseth: But only because we had the program in place?

The Chair: Mr. Storseth, your time has expired.

Madame Thaï Thi Lac.

[*Translation*]

Mrs. Ève-Mary Thaï Thi Lac (Saint-Hyacinthe—Bagot, , BQ): Good afternoon, everyone, and thank you for your warm welcome. I am very pleased to be here as the Bloc Québécois's deputy critic for agriculture and agri-food. I am very proud to be working with you on this committee for three reasons.

I represent a constituency that is strongly agricultural in character. Saint-Hyacinthe is a centre of agri-food technology. I am also very happy to be working with a person of the calibre of André Bellavance. I know that I going to learn a lot here. In addition, I am the granddaughter of an agronomist and I lived on a pig farm for more than seven years. Agriculture is close to my heart.

I know that you appeared before the committee at about the same time last year. Given that I have only been a member of the committee for a short time, I will essentially limit my questions to the ones that have been suggested for us. But I will begin with a question that is not in the material but that concerns me. We have a lot of studies of products from the United States, but more and more products come from other countries.

Are we currently studying products imported from other countries in the same way as we have done for products from the United States?

● (0955)

[*English*]

Ms. Karen Dodds: In terms of inspection and enforcement activities, PMRA's responsibility is only for the import of the pesticides themselves, not for the import of agricultural products on which pesticides have been used, typically food products. That's the responsibility of the Canadian Food Inspection Agency.

We do work with that agency to look at what priorities might be for inspection programs and for import programs, and we do have discussions with the United States about what's coming in from where, as do colleagues directly in the CFIA with their U.S. counterparts. They will target an area if there is a concern that an area, a country, or a region is not conforming to Canadian standards. They may target an inspection program at that country or region.

[*Translation*]

Mrs. Ève-Mary Thaï Thi Lac: Well, when we talk about products imported from the United States, we are talking about harmonization. The matter has been studied, but were the studies very recent?

[*English*]

Ms. Karen Dodds: It's difficult to know what nature of study you're referring to. On an annual basis, almost on an ongoing basis, we're looking at our maximum residue limits and the United States maximum residue limits. Pretty much on an ongoing basis, the Canadian Food Inspection Agency is comparing their results with American results.

I don't know if that is the nature of the studies you might be interested in.

[*Translation*]

Mrs. Ève-Mary Thaï Thi Lac: We have inspected a dozen products in Canada and about half of them have been rejected. For the 2007-2008 year, what were the reasons for the rejections?

[*English*]

Ms. Karen Dodds: As I responded to Mr. Storseth, of the 12, we compared the U.S. formulation with the Canadian formulation and found that in four of them there were chemical differences that caused a difference in how human health or environmental risk would be affected. So four of the 12 were eliminated for that reason. On two of the 12 that were found to be equivalent, the registrant brought up the fact that they had patents protecting those products. We excluded them, and then we were down to six.

[*Translation*]

The Chair: Thank you.

[*English*]

Ms. Skelton.

Hon. Carol Skelton (Saskatoon—Rosetown—Biggar, CPC): Thank you very much.

I really appreciate you being here today.

It's my understanding that the Province of Alberta has requested an emergency registration for 2% liquid strychnine for this year. I'd like to know the status of that application.

Ms. Karen Dodds: We approved that emergency registration request just at the end of last week.

Hon. Carol Skelton: For other provinces that would appreciate having the availability to it, will it be available to them?

Ms. Karen Dodds: The way our emergency registration system works is that the provinces themselves make application to us for emergency registration. The Province of Saskatchewan was the first to do so. The Province of Alberta is the one we just approved at the end of last week. There are conditions on that emergency registration. There's a definition of "infestation", and the province has to satisfy itself that this situation has occurred, and it has to look after things like distribution of the liquid strychnine. There are conditions that apply to Saskatchewan and Alberta, and if other provinces are interested, they'd have to meet those conditions as well.

Hon. Carol Skelton: Mr. Chair, Mr. Storseth had some more questions he wanted to follow up. I will give him the rest of my time to do so.

Mr. Brian Storseth: Thank you, Mr. Chair.

One of the reasons for the GROU program, I believe, is to enhance the ability of growers to access products south of the border. Is that correct?

● (1000)

Ms. Karen Dodds: The original intent, and the continuing intent, is to have price discipline in the Canadian market.

Mr. Brian Storseth: I'm looking through your application form for the new GROU program, and I have to say it does seem a little bit cumbersome, to a layperson anyway. One of the things that really disturbed me when I was looking through this is that we require our growers, once they use this program, to dispose of their containers through an acceptable container disposal program. Actually, they have to be part of that program before they can apply. Is that correct?

Ms. Karen Dodds: Yes.

Mr. Brian Storseth: The problem with that, of course, becomes that currently CropLife Canada's Stewardshipfirst is the only program that we have identified as an acceptable program for implementation. So once again, we've introduced another monopoly to our producers. Do we regulate the prices they are allowed to set in this program, or is industry totally independent to do that?

Ms. Karen Dodds: It's an industry program. As far as I know, it's really the only program in Canada. Nothing prevents somebody else from working to establish their own program.

Mr. Brian Storseth: As it is right now, our producers have only one place they can go for this?

Ms. Karen Dodds: Yes.

Mr. Brian Storseth: The second thing I wanted to ask you is whether we know if these older products you were talking about, which we're not interested in looking at, are necessarily harmful to human safety.

Ms. Karen Dodds: Some older products, obviously, are registered in Canada. There have been pesticides registered in Canada for a long time. I think the first bill goes back to the 1920s, so there have been pesticides registered for a long time. There were a lot of older products that were available. Some are still available in the Canadian market.

Mr. Brian Storseth: Are the older products we're talking about here—the products we said we're not interested in looking at, which growers identified as a priority—harmful if consumed by humans?

Ms. Karen Dodds: Under projects like 914, nobody is paying submission fees. In order to help Canadian growers—and a number of times we've been in front of this committee, and they've supported the use of taxpayers' dollars this way—we said we would do something of our initiative to look at these kinds of products. That's when we said it's very compatible with our mandate to look at newer products, when there is no question that, from a science perspective, scientists in all regulatory areas around the world agree that the newer products are better for the environment and better for human health and safety. When farmers first brought us the list of their interests, there were thousands of uses they were interested in. We said we could not use our resources in a responsible way, going back to older products that are generally thought to be more of a concern for human health and safety. If a registrant wants to make a submission of an older product, we have to look at it, and we would look at it, but they would pay.

Mr. Brian Storseth: Thank you very much.

My concern is not only about health and human safety and the environment, which is definitely important. Many of my producers tell me that they believe these older products would be safe both for the environment and for human consumption. They're being used in the United States, and they still meet the minimum requirements that we possess for their import into this country. They are also the products that would give them the most substantial cost savings.

Ms. Karen Dodds: There is a program at PMRA called the user requested minor use program. Again, if users are interested they can organize and make a submission to that program. It's a different way of getting access to a product that's been in place in PMRA for a number of years.

Mr. Brian Storseth: Thank you.

The Chair: Thank you.

Mr. Easter, four minutes.

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

Thanks, Ms. Dodds.

I do believe PMRA has made good progress in the last number of years. On the cost recovery fee issue, maybe I should have known, but I didn't realize that the fees are going back to general revenue over and above a certain cap, I guess. One of the difficulties with cost recovery fees in any event, whether it's put on the registration costs or on the product in other ways, is that all those fees get back down to the primary producer one way or another. If it's a cost to the company it eventually gets back down to the producer, and certainly sometimes with what's considered higher registration fees and R and D fees in Canada, the company doesn't even bother trying to develop a product for a specific market here.

How did we get to the point that there are more cost recovery fees than necessary? This is what I'm getting at.

● (1005)

Ms. Karen Dodds: I don't think we can conclude that there are more cost recovery fees than necessary. The situation now across the federal government is that if we want to make changes to our cost recovery fees, under the user fee act we would have to bring something to Parliament and you'd see it.

We have had discussions with stakeholders, including grower groups and registrants, for a few years on our cost recovery initiative. We are certainly cognizant of the fact that in this area there is a strong likelihood that fees put upon the registrants are then passed on to those who are buying the products. In our opinion at PMRA, the registrants aren't the sole party getting a benefit from the sale of the pesticides, since pesticides are important in the economic sector in Canada. They are very important in the agriculture sector, the forestry sector, and the lumber sector.

The amount of our total budget that we get from cost recovery fees —I don't have it in my head as a percentage, but I believe our spending envelope total last year was about $47 million, of which about $7 million we were bringing in by cost recovery. Again, what government does through the estimates is set a cap, which is the amount of cost recovery fees that we keep in our budget. Last fiscal year and this fiscal year are the first times in our history we've gone above that, and it's primarily due to more submissions coming in.

Hon. Wayne Easter: In reality, those cost recovery fees—I've been informed by CFIA about some of their on-farm cost recovery fees—are almost at breakeven. Forgetting about the cost recovery fees and dropping the administration.... The administration cost for some of this cost recovery is fairly extensive as well.

Mr. Chair, we need to consider whether to make a recommendation that the money, at least if it's there, go back to where it would lower the costs to industry in some fashion, rather than go into general revenue. This is money that's one way or another coming directly out of farmers' pockets.

This leads me to my second question. One key area of concern, which we constantly hear about from the farm community, is that our regulatory systems—CFIA, PMRA, cost recovery for other programs, environmental programs, and so on—add a burden to Canadian farmers' costs and put them at quite a substantial disadvantage in the marketplace compared with their competitors.

It was mentioned here earlier by someone that we're not allowed to use a certain product, but that our competitors in Mexico, China, or wherever are. The theory is we're not allowed to use that product because it shouldn't end up on the grocery store shelf; however, our competitors' product ends up on the grocery store shelves.

We have to either get to a system where we're on a level playing field or not allow our competitors' products in. We have to get there, because farmers are getting more and more peeved about this situation.

I think you've recognized that. But has PMRA done any analysis, or do you know of any that's been done, which in a chart form or whatever compares our cost recovery in Canada from producers and other costs in our system that Canadian farmers face, either directly or indirectly, that American farmers, say, don't face—or do?

I'm told consistently that our cost regime is much higher than others' and puts Canadian farmers at a disadvantage. We have to level that playing field, because farmers in Canada have had enough of being disadvantaged by regulatory regimes and seeing competitors' products come in here when they don't have advantage.

I'll give you an example from the hog industry, and not related to you. A hog producer went broke two weeks before Christmas—and there are lots of them going broke. One feed additive that he couldn't get for five years in Canada would have made a difference over that five-year period, in his 800-sow operation, of some $470,000—just that one feed additive. This doesn't relate directly to you; it's another regulatory authority. But that's what it means on the ground, on the farm. We have to level this.

The question is, do you have any analysis, and if you have, can we get it?

● (1010)

The Chair: Let's have a quick response, please.

Ms. Karen Dodds: I have two points in response.

Under NAFTA, we've been encouraging our grower groups to identify priorities to deal with border irritants. Our growers are working on that kind of thing. What are the pesticides that are causing the most consternation for them at the border?

How they do it is up to them. If they want to do it based on cost differential, or on a flood of American products coming in, they can do that.

Second, the only thing we could possibly have any impact on is, obviously, pesticide prices. What we've tried to do there is harmonize our requirements to the extent possible with the United States' requirements. We are at the point where they can literally send the same submission—and they do—for joint reviews. The exact same package that goes to the United States comes to us. We receive it all electronically. There's so much data. It's not quite in the flash of an eye, but it's consumed in say ten minutes rather than a few weeks, as with the old paper format. We've worked to decrease the costs that are Canadian-specific.

The Chair: Mr. Miller.

Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC): Thank you, Mr. Chair.

Just to carry on a little bit further, is there any consideration by PMRA on what the cost is to farmers when you're making your analysis, at the end of the day?

Ms. Karen Dodds: Under our new act, the definition of value is broader than in the old act. It has always been that within the realm of pesticide regulation in Canada we were looking at human health effects, environmental risks, and what was previously called "efficacy", now called "value".

Value gives us a tool to look at some of the economic issues. To date, we've used it mostly under re-evaluation. So if there is a sector and an old product is critical in the economic viability of the sector, a pesticide product, we take that into consideration when we're looking at what uses the product could have.

Mr. Larry Miller: The last time you were before the committee you announced that the first NAFTA label had just been registered. From the report, I think you have two more that have been approved since then. Are there any more? How many more can we expect, or should we expect, in the near future?

Ms. Karen Dodds: Seven more are under review right now. We're hoping that the trend continues in an upward way into the future.

Mr. Larry Miller: Do you have any kind of timeframe on those seven, or any of those seven?

Dr. Richard Aucoin: No, I don't have a specific timeframe. It depends on the nature of the product that is in submission and when we'll be able to make a review decision on it. I expect that, through 2008, at least a couple more of those will be completed, but I wouldn't want to give you a....

Mr. Larry Miller: No, and I'm not going to hold you to it, but do you think there could be a couple this year?

Dr. Richard Aucoin: Yes.

Mr. Larry Miller: I guess your funding, and what have you, comes from various sources, and I presume Agriculture and Agri-Food Canada funds PMRA. What is the budget that comes out of Agriculture Canada for PRMA in a given year?

Ms. Karen Dodds: There are no dollars, to my knowledge, that flow to the Department of Agriculture and then to PMRA.

What has happened has been that when Agriculture Canada has gone to the government for a new initiative, at times funds to PMRA have been part of that initiative. Recognizing that the work we do is important to the agriculture sector in Canada, we've been partners to initiatives brought forward by Agriculture and Agri-Food Canada, as have some other departments. Environment Canada and the Department of Fisheries and Oceans have also gotten some money to do research and monitoring.

● (1015)

Mr. Larry Miller: So you're telling me that all you get, basically, from Agriculture Canada is direction. You don't get any funding?

Ms. Karen Dodds: No, no. Being partnered with them in these initiatives is very important to us. The dollars that I mentioned in the increasing competitiveness to the agriculture sector in Canada are very important to help us do work on things that are of benefit to the agriculture sector.

I guess it's a mechanical thing. The dollars don't flow to that department first, but we're certainly getting them because of an initiative that Agriculture Canada and the Minister of Agriculture have led.

Mr. Larry Miller: Okay. I misunderstood.

I presume you have your budget in place in 2008. Do you have any idea of the kinds of dollars that are coming out of Agriculture Canada in 2008? Can you compare them to 2007?

Ms. Karen Dodds: I don't know if I have a one-pager here. We can give you that kind of breakdown.

On the agriculture policy framework, some of the dollars we were receiving under that were supposed to sunset at the end of this fiscal year, so we weren't going to receive them next year. They're being rolled over. I believe there's a question about how much we're getting there. That's more than offset, I do know, by dollars we're getting from the competitiveness of the Canadian agriculture sector. And those are both Agriculture Canada initiatives. So I know we're receiving more money as a gross level, but one envelope is going down while the other envelope is going up.

The Chair: I will just follow up on Larry's comments. I'm looking at your annual report, and actually you don't have any financial statements in here. I know you're an agency, but you're still part of Health Canada, and I know the health committee reviews your budget rather than us in agriculture. Is there any reason you wouldn't have published those, especially since you do have some other sources of funding rather than just money coming from Health Canada? You also have some dollars coming from Agriculture Canada and also you have all your registration fees that come in to you.

Ms. Karen Dodds: Yes, we're an agency only in name. We have no special authorities. We're just a branch of Health Canada. I report to the deputy, as do assistant deputy ministers. We have no special authorities. We've actually raised the question, for example, to our advisory council about changing our name to a branch so it's very clear to people that we aren't a real agency such as the Canadian Food Inspection Agency or Parks Canada.

The Chair: Thank you.

Monsieur Bellavance.

[*Translation*]

Mr. André Bellavance: Still on the budget, in your status report, you say that your funding from Agriculture and Agri-Food was about $19 million over four years, principally for addressing the technology gap and improving harmonization.

Is this budget of $19.3 million over four years enough to reach the objectives you have set for yourselves in these two areas? Is it part of a longer-term plan that will need continued funding in order to keep the work going? I imagine that the work will not be finished in four years, because new products for you to register are always being put on the market.

● (1020)

[*English*]

Ms. Karen Dodds: Whenever a government department or part of a department receives new dollars, we've always had to put in an argument of this is why we need the new dollars and this is what they're going to be used for, and then it is the government that decides the financial amount that we get. So the question of whether this amount is appropriate or not in my mind is actually one you pose to government, not to public servants, because we're not the ones who dictate in the end what budget we get. We're the ones who put forward the argument for getting so much money. As I said, when you're in the area of safety and environmental issues, all of us could argue for more resources. It will be our trend analysis. As I said, cost recovery is under review. We'll be looking at how many submissions we get. We report extensively to this committee in our annual reports to Parliament about those things and it's very much up to the stakeholder to say whether our performance is satisfactory.

[*Translation*]

Mr. André Bellavance: Can you break down the $19.3 million over four years? To what degree will the money be allocated to improve harmonization and invested to address the technology gap? Can you tell us how you plan to use this money over the next four years? At the end of the day, what do you think we will get out of it?

[*English*]

Ms. Karen Dodds: We can. I don't have the specific information here, but we can give you figures, year-by-year, indicating the amount that's going to this activity.

[*Translation*]

Mr. André Bellavance: I would like to have that.

If you cannot tell us if it is enough money, can you at least tell us if further amounts will be needed as they always have been? With that amount of money, the work will not be completely finished in four years. New products are always coming onto the market. Money will always be needed in order to register those products.

[*English*]

Ms. Karen Dodds: This is why we do always look at numbers in trend analysis, because, as I said, we have a ceiling set, for example, for cost recovery. Part of that was based on trend analysis done quite some time ago, and we learned that our number of submissions in the last two years has increased. It hadn't been a prediction. The year-over-year prediction was at a certain level, and we've exceeded that. So our circumstances have changed and our trend number is now at an increase, beyond which we had projected actually within the beginning of the fiscal year for last fiscal year.

So all of the environmental factors—here I'm talking about business, environmental, etc.—have an impact on things like how many submissions we receive and in what category.

[*Translation*]

Mr. André Bellavance: I remember when you appeared in 2006, Mr. Ritz, the chair of the committee and the present minister of agriculture and agri-food, mentioned to you that each product requiring study could cost from $1.5 to $2 million. You expressed doubt about that amount, but you did not say how much it could cost to study each of these products.

Can you tell us how much it may have cost to study one of these products since 2006? Can the figure change from one case to another? Have costs decreased since we have been doing more and more studies in collaboration with the United States? Has the cost to study products to be registered gone down?

[*English*]

Ms. Karen Dodds: All of that is the kind of information we'll need to bring forward when we propose—if we propose—changes to our cost recovery regime. There are different costs to different parties, and we have to look at that. I think Mr. Easter raised this too, in terms of the impact on the growers themselves of our cost recovery regime.

Costs for registrants have in some respects gone down, because as I said, they can now submit exactly the same data package to Canada and the United States. We've heard from them that because they can submit it to us electronically, that saves them potentially a couple of hundred of thousands of dollars.

Some of our costs have changed because of things like joint reviews, but they haven't really gone up or down. For example, the pre-submission considerations that go into a joint review are now very complex. You're working with four, five, six different countries and discussing who is going to do what part of the review. For example, Richard and people are travelling, often to Paris, where other countries and registrants are, and they're spending a whole day simply discussing a submission and which country will review what part of the submission.

We haven't had enough experience at the global level yet to really be able to say what the cost of doing that kind of work is versus the cost of doing a distinct Canadian review. We have started doing some of the international comparisons and have had discussions with, for example, the U.S.—I don't know whether we've now had them also with the U.K.—to discuss what their practice is and what their costs are for their parts of the system so that we can also compare the costs in Canada to the costs in the United States and the costs in Europe. I think Australia is also one of the countries we'll be looking to compare costs with.

All of that is the kind of material we'll need to bring forward if and when we talk about changes to the cost recovery regime.

● (1025)

The Chair: I just have a few questions of my own before I turn it over to Mr. Atamanenko again.

We talked earlier about the strychnine registration currently in Saskatchewan for rodent control, and that's now being applied for by Alberta. Alberta also has registration for the use of cyanide, I believe, through PMRA. I'm not 100% sure what it's being used for, but I think it's predator control. Is that true? It has come up a number of times that Alberta has access to cyanide through PMRA registration.

Dr. Richard Aucoin: I wouldn't want to bet my life that the registration exists for that cyanide, but there has historically been a cyanide-based product primarily for use in coyote control.

The Chair: I know in Manitoba, especially in my riding, there have been a lot of problems with wolves and coyotes. The Province of Manitoba would have to make the application to use cyanide. I understand it happens at a provincial level, to use it in predator control.

Dr. Richard Aucoin: That's correct. Typically these kinds of products, such as this cyanide product for coyote control—there's a long name, a sodium monofluoroacetate type of product—are restricted-class products that almost certainly must have a provincial permit for use or be part of a provincial program. There's very significant oversight of their use.

The Chair: But the registration ultimately comes down to PMRA giving the authority to the province?

Dr. Richard Aucoin: That's correct.

The Chair: So there's nothing preventing Manitoba from making an application to PMRA if they want to use it through their natural resources department for predator control in agricultural areas?

Dr. Richard Aucoin: That's correct.

The Chair: Regarding the discussion you were having earlier, talking about ClearOut 41, which is currently under OUI, and problems with recycling fees and the possibility of its becoming part of the overall GROU program or actually having the registration here in Canada, what's going to happen, then, with the recycling of those containers if they're going to be handled the same way they have historically been handled? Would there be any additional fees, or would those just be built into the pricing of the product? How would farmers go about disposing of them if it's going to be the same marketing division that's currently selling ClearOut 41?

Ms. Karen Dodds: If it's accepted into the GROU program, it would have to meet the same conditions as the other products under GROU. I don't know what the manufacturer intends to do with containers in Canada. As I understand it, they typically build container recycling costs right into their costs, and farmers don't see it.

The Chair: But you're saying it's still going to be marked by FNA as it currently has been under the OUI program. Is that correct?

Ms. Karen Dodds: FNA has the....

The Chair: They have the permit.

Ms. Karen Dodds: There is an OUI certificate based on FNA's application that's good until the end of June of this year.

The Chair: Then after that it's going to go to GROU for the next season, or that's the intent of what you were saying.

Ms. Karen Dodds: Not that it would go on to GROU.

The Chair: Because they are registered here in Canada.

Ms. Karen Dodds: It has been registered in Canada, and the manufacturer now intends to sell it in Canada.

The Chair: But they intend to sell it the same way, through FNA. Is that correct?

Ms. Karen Dodds: It is through FNA, so FNA would be the distributor, I guess.

The Chair: And then would ultimately be responsible for the disposal and the recycling of the containers?

Ms. Karen Dodds: Presumably, because FNA had to develop something for the OUI.

The Chair: Okay.

The other thing, and a little bit off-topic, I think you have Dr. Delorme with you as well, and I want to talk a little bit about buffer strips.

Some concerns have been raised with some of the testing of some products and the amount of distance required, especially when you are testing new products out in the field, from other fields, as well as from residences and riparian zones. I'm just wondering what the policy is on buffer strips.

● (1030)

Dr. Peter Delorme (Acting Director General, Environmental Assessment Directorate, Health Canada): A strategy document was published in 2005, I believe. It was a proposed strategy, and we are still in the process of updating that.

In terms of talking with the farmers, we are aware there are concerns. I think a lot of those concerns have stemmed from the fact, as Karen indicated in her opening remarks, that as we've gone through and re-evaluated products and brought up the older products to modern standards we've imposed mitigation measures. Sometimes products in the past did not have buffer zones associated with them. They now do as a result of trying to protect the environment.

We're planning to have a workshop in the spring to get together with grower groups and to get together with scientists to try to sort out the types of habitat we need to protect.

The Chair: Okay.

When you're talking about the buffer strips, some of that has been applied to existing products as well in your re-evaluation of the system?

Dr. Peter Delorme: Yes.

Since 1995 we have been using basically the same method, but they have been evolving over time. We made great strides in getting a better understanding of drift characteristics in terms of developing models to model that.

The Chair: My final question, and it's been touched on, is the issue of product coming in from other countries: apples, tomatoes, and especially on the horticultural end. A lot of concern has been expressed about the safety of some of the products coming out of China.

How closely are you working with the CFIA in evaluating things like Chinese apples coming into this country for the processing and monitoring of their residues and the products they are using, since they have a track record that is less than desirable on other products?

Ms. Karen Dodds: We have not only had discussions with CFIA, we have had discussions with our U.S. counterparts, and at a couple of NAFTA meetings we agreed to also have discussions on compliance and enforcement as part of the NAFTA work program. Quite often things happen in the United States before they happen in Canada, so we've agreed to exchange compliance and enforcement data so that either one of us is given a heads-up about what is happening in the other country.

The Chair: Thank you.

Mr. Atamanenko.

Mr. Alex Atamanenko: I'm going to follow up on James's question, and also Wayne's, and talk about apples. I like apples and I like to eat a couple of them a day, so I want to make sure as a consumer that they are safe and I understand what's happening.

Apples are grown in Canada, and if they are not organic then certain pesticides are being used. Who sets the standards for the type of pesticide used and the levels of how much of that pesticide can be used? Is that you or CFIA?

Ms. Karen Dodds: That's us.

Mr. Alex Atamanenko: Okay. So in addition to the apples that I consume here from Canada, it's possible that we'll get apples from China, from New Zealand, and from the United States. From what you said before, it's my understanding that any product coming into Canada has to meet the same level of standards of maximum residue limits. So an apple grown in China or New Zealand will not have any more of the maximum pesticides than will the apple in Canada. Is that correct? Okay, so then we're working on that, and if there's a problem, that's the question that James is addressing.

So then if they're using certain pesticides in New Zealand and the United States for these apples and yet they're the level that meets our standards, and our producers aren't being able to use them, then we don't have a level playing field. Why is it then that if they're safe, we're not able to use them? I guess the crux of the matter is we're not able to use them here. I thought that one reason we weren't using the same pesticides and products was that they didn't meet our standards of safety. Yet you're saying that we do have these standards, that any food that comes in.... And Wayne asked the question, if they're not meeting our standards, then we should stop bringing them in across the border, which I tend to agree with. But if they're meeting our standards, then why are we not being able to use the same pesticides? Do you see what I'm trying to get at? I just want to get a clear explanation. I always thought that we didn't use certain products in Canada because they were not safe and they weren't approved. Then the argument was that we're bringing in products and they're using the same.... Why are we doing that? Maybe we should stop the importation. But you're saying that's not the case. So I'd like you to clarify that.

● (1035)

Ms. Karen Dodds: In some circumstances we will set what's called an import MRL. Typically that's for a product where the food is not grown in Canada: bananas, oranges, grapefruit. We don't grow them in Canada. There is no need to establish a domestic MRL; it's only an import MRL. There could be examples of older products where we don't permit the use of the pesticide in Canada but they are still being used abroad, and those products are coming in and we're not seeing or detecting the maximum residue limit. So in the scenario you thought of, where we actually have taken action against the pesticides, you can have the issue that they come in and they're not detected. And that's where we always try to work with the Canadian Food Inspection Agency to make sure that their inspection programs are changing and covering those bases.

Mr. Alex Atamanenko: So these would be the foods not grown in Canada that you're talking about, or all?

Ms. Karen Dodds: Any food.

This doesn't typically happen with developing countries, but in the United States, both currently and historically, there can also be pesticides where the registrant hasn't brought it to be registered in Canada. So we haven't seen the information yet. We don't know whether the product is safe or is not safe. Now, again, those should not be coming in, because we would not have set an MRL, but we may then just finish the review next year and set an MRL.

Mr. Alex Atamanenko: So the whole process that we're doing, the re-evaluation, is basically to deal with that, in a sense.

Ms. Karen Dodds: That's part of it. And that's why there's such support behind the global reviews, because it facilitates regulators in getting a better understanding of things. We're allowing the same products and the same MRLs. It benefits farmers because they're using newer products and they have confidence that they can ship their product to all of these countries and meet their regulatory standards instead of perhaps taking a chance on not meeting the standards and being detected.

[*Translation*]

The Chair: Thank you.

[*English*]

Mr. Lauzon wanted to have a quick follow-up.

Mr. Guy Lauzon: Thank you very much, Mr. Chair.

The OUI task force's new intellectual property policy was supposed to encourage registration of new generic products. Can you tell me if that's happened?

Ms. Karen Dodds: It has. I believe there are eleven submissions we've had since this past summer, which is a very significant increase for us in Canada.

Mr. Guy Lauzon: I'm assuming that generic products would mean lower cost.

Ms. Karen Dodds: Yes, because the registrants of generic products don't have the cost of building the database associated with those products.

Mr. Guy Lauzon: As a quick follow-up on this global joint review that you're involved with, I'm assuming that this is relatively recent and it's increasing.

I'm hoping I get a positive answer here.

The agricultural industry needs more markets, more open markets, more foreign markets. Do you see this review that you're doing, along with other countries, opening up other markets for us considerably? Is there some room there to grow our export industries?

Ms. Karen Dodds: It certainly is a potential side benefit. The regulators haven't been pursuing that as a specific objective, but as I just said, it certainly gives growers the assurance that the pesticides they're using are permitted at the same level in other countries. It started really with the experience just between Canada and the United States. We've been able, with the United States, to take that to OECD and parlay that into these global joint reviews, which include the European Union. A number of them now, I think, have included Australia. Japan is interested.

Was China interested in sitting in at least on one?

● (1040)

Dr. Richard Aucoin: We're working this through with OECD countries currently, the regulators, but there is a strong interest from other countries, participating more in OECD, such as China, India, and Brazil. So we expect it will expand to those countries in one form or another over the next few years.

Mr. Guy Lauzon: I think we should encourage that, because I think that's the future for our agriculture, to open up new markets.

I'm assuming, too, that if you're doing this jointly with other countries, either your costs are reduced or you can do more. Is that a safe assumption?

In other words, I think the more bridges we can build with foreign countries and the wider we can spread our contacts, it would seem to me that this would benefit the farmer, again.

Ms. Karen Dodds: Yes.

As I said, our experience over the last few years is that some of where the costs come from is shifting, and it's too new in the experience to really realize cost savings, because indeed there is, if anything, more examination because all the different scientists are very interested. But it builds a robustness into the system. Our findings are that when our scientists talk to the U.S. scientists, they come to a common conclusion when they're discussing it as they're reviewing data, versus what we know historically, that you isolate the two sets of scientists and invariably they come to different conclusions.

One of the great benefits has been the development of this MRL calculator. With the United States, we've come to agreement that this is how we will establish a maximum residue limit, so we now know that if you put the same data in, you'll get the same MRL north and south of the border. We did not have that before.

Richard took that to the OECD. Has that been accepted now by the OECD, largely?

Dr. Richard Aucoin: It is moving forward through the OECD and Codex.

Mr. Guy Lauzon: I would imagine, too, that we get more respect from your counterparts in other countries. They realize that we're doing our testing, and we're developing integrity on the world scene. So that again will help us to break through to those new markets.

Ms. Karen Dodds: But one of the most important things, I think, for the grower in Canada is that we're a small market. By being part of these joint reviews, we avoid the old situation where they simply didn't bring the product to Canada. Now, being part of the joint reviews, they're getting the product in Canada as well, and that is really one of the things farmers want the most, that access to product.

Mr. Guy Lauzon: Yes.

Thank you very much.

The Chair: Thank you.

Does anybody else have any follow-up questions?

Hon. Carol Skelton: There was a group of manufacturers that had put forward products for the GROU program. I've talked to farmers, and they're really questioning why the manufacturers pulled out of the GROU program, why they pulled their products out. I'd like to know what you believe the interest of these manufacturers is in the GROU program or why they've done this to us.

Ms. Karen Dodds: As I said, we started with twelve products. It was our decision that they weren't eligible because they were not equivalent. The two others were withdrawn because of data protection issues. So it wasn't so much whether the manufacturers were collaborating with GROU; it was that these were new products, still with patent protection, and were inappropriate to use under this program.

Dr. Richard Aucoin: I'll just add to that. I am aware of at least two manufacturers of products who are actually taking steps to make their Canadian products equivalent to their U.S. products to facilitate their applicability to the GROU program or to make NAFTA labels possible. So there are some manufacturers who are doing the opposite of what is happening in some other cases.

Hon. Carol Skelton: Or there is that assumption.

The Chair: Thank you, Dr. Dodds, Dr. Aucoin, and Dr. Delorme, for coming in and sharing with us today and giving us an update on where things are going with the PMRA.

Since I have been on this committee and PMRA has been coming forward, I definitely see a huge commitment from PMRA to help farmers have access to products. The timelines have shortened up on approvals. Having more products available in the marketplace is definitely something that is beneficial to the overall industry, and farmers appreciate that. So even though I know that you are under the Health Canada directorate, we do appreciate your commitment to Canadian agriculture producers and the tasks you have before you.

We look forward to hearing from you again, hopefully, in another six to eight months to see how things are moving along.

Mr. Easter wanted to raise one point.

● (1045)

Hon. Wayne Easter: It is not for the PMRA.

I sent you a letter, Mr. Chair, on the need to hold a quick meeting with the Canadian Cattlemen's Association and the Canadian Pork Council on their response to government action on the beef and hog crisis.

In my view, the government virtually did nothing. But in any event, I do think we need to see where it is at. I imagine that you guys are getting the same calls we are. We are losing the hog industry in this country. Beef producers are in trouble. In my own province, we have now lost 40% of the hog producers. It is just unbelievable.

Is what the government has proposed adequate? Is it not? What other things can we be doing? So you have that letter. I understand that you are meeting as a subcommittee, but I believe that we need to have that meeting quickly. If there needs to be more pressure put on the government to do something else, then it needs to happen.

The Chair: The subcommittee is going to be meeting immediately following this. If we can get going for 11 o'clock, we will. So I ask that the members of the subcommittee wait around, and we will clear out the room as quickly as possible.

We'll have Mr. Atamanenko.

Mr. Alex Atamanenko: I am thinking, as we are discussing the agenda, that it would probably be a good idea to evaluate what's been happening. We met with those folks before Christmas. We have had some movement and some response. What is going on? Maybe that could be the first item on our agenda when we meet for our next meeting, and we could discuss that at the steering committee meeting.

The Chair: We will deal with this at our subcommittee meeting, which will take place right away.

With that, we will adjourn. I'll ask everybody to clear out so we can get to our subcommittee meeting.

Thank you very much.

Published under the authority of the Speaker of the House of Commons

Publié en conformité de l'autorité du Président de la Chambre des communes

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