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Tuesday, April 8, 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.

I want to welcome all our witnesses to our continuing study on "Product of Canada" labelling. This is an issue that is not only important to this committee, but is important to producers, consumers, and processors.

We are welcoming to the table today Grant Robertson and Nigel Smith, from the National Farmers Union. From the Fédération des producteurs de porcs du Québec, we have Robert Monty. From the Canada Pork Council, we have Mary Ann Binnie. Welcome, Mary Ann. No stranger to this committee is Canadian Federation of Agriculture president Bob Friesen. As well, from Dairy Farmers of Canada, we have Jacques Laforge and Richard Doyle. From the Union des producteurs agricoles, we have Pierre Lemieux and Alyne Savary. Welcome, all of you, to the committee.

I remind all witnesses to keep your opening comments to ten minutes or less, especially with the quantity of witnesses we have today. We want to have a good discussion with committee members following your presentations.

With that, Mr. Robertson, could you kick us off?

Mr. Grant Robertson (Coordinator, Ontario Region, National Farmers Union): The National Farmers Union and our members want to thank you for the opportunity to be here with the committee, for examining this issue, and for allowing us to express our concerns and recommendations. NFU has been working on these labelling issues for a very long time, and it's nice to see that we may be making some progress on this issue.

Since I'm up first, I'll take a step back and tell you two stories about consumers and why this issue is so important. Coming from the agricultural end, we understand the issues, and so will everybody around here.

First I'd like to tell you about myself. I think I'm a pretty savvy consumer when I'm buying products. A couple of weeks ago I was looking for some tomatoes and I looked very hard to find the ones labelled "Product of Canada". I found them and started digging in the bin and putting them into my grocery cart, only to notice that the "Product of Canada" tomato had a little label on it that said "Grown in Mexico". So what had happened is that, sure enough, about seven or eight tomatoes in this bin had a Canadian label, but everything else was grown in Mexico. It just shows it's pretty easy to be deceived if you're not on your toes.

The other thing is, from a consumer's perspective, I was invited onto a call-in show. I was scheduled to be on for five to seven minutes talking about "Product of Canada". I ended up being on for an hour and a half because the phone lines lit up when consumers.... This was in London, Ontario, which is supposed to be the test market for all things Canadian in English Canada. People were just losing their ever-lovin' minds about this issue. There's a lot of concern out there from the average person, and I think they're looking for some leadership.

At the National Farmers Union national convention in London, Ontario, in November 2007, the following resolution was adopted:

Therefore be it resolved that the NFU undertake a campaign that raises awareness and forces federal and provincial governments to provide clarity and accuracy in food and feed labelling.

This has been a long-standing concern.

Just this past Sunday, the Ontario NFU passed the following resolution:

Therefore be it resolved that the National Farmers Union begin to promote a grown or raised in Canada label to apply to food grown or raised by Canadian farmers.

We've always had policy in this area in the NFU, but it's clear that the deceptive nature of what's been happening around food labelling is expanding to more and more products. You can get "Product of Canada" grapefruit juice, you can get "Product of Canada" coffee. Even though Bruce County is the centre of the known universe, we're not able to grow grapefruit, and I don't know of any other part of Canada where they can.

There's been a lot of talk about the basics of the "Product of Canada" issue, but I want to talk a little bit about CFIA's labelling guide for processed fruit and vegetables, because that's also clearly inadequate. I want to give you two examples from it. The CFIA guidelines force Canadian manufacturers to put on deceptive labelling. If it's a product of Canada, if it's actually grown in Canada, it's optional to list that it's from Canada. Many processors do it simply because it's a marketing tool. And that's what it comes down to. We have to ask why companies do this. Why do they put "Product of Canada" on it? It's because they know it works, because consumers will buy products if they're listed as "Product of Canada".

So the CFIA guide says you have to use terms like "fancy grade", "choice grade", and "standard grade", but they all have to have the word "Canada" in front of them, and that's if the products come from somewhere else and are repackaged or reprocessed here in Canada. The guide gives two examples, and I think these two examples are quite important when we think about where we need to go on labelling.

Number one, cherries from France, imported into Canada in bulk, repackaged and graded in a registered establishment, must be marked "Canada Choice". They must be marked even though they are coming from somewhere else.

● (0910)

The second example is of apples imported from the United States and processed into applesauce in a registered establishment. The applesauce will therefore be labelled "Canada Fancy".

So it's no wonder consumers feel they are being misled, because the rules are set up deliberately to mislead them. There are lots of reasons why that came about, but consumers now are looking for something different.

As far as our recommendations are concerned, this is where we think it is critically important to Canadian family farmers and consumers that we have clear and truthful labels on food products, because consumers are becoming increasingly cynical. They are looking to support Canadian farmers. That's what they want to do when they buy those products. But if they start to believe it really doesn't make any difference, then the people who will be paying the price for that will not be the processors or industry but Canada's family farmers, as people move away from that.

The National Farmers Union is recommending that "Product of Canada" labelling be mandatory for fruits and vegetables that are 100% grown and processed in Canada, and only for fruits and vegetables that are grown here, and that the word "Canada" not be used if those products come from elsewhere. We're also recommending that if a food product is processed or manufactured in Canada and is composed of ingredients that are imported, mandatory labels must specify the country of origin of the ingredients and the percentage of imported ingredients. We think it's important that consumers have a clear and present choice. We also believe that Canadian consumers are looking to know that a product is from Canada. So we think it should be displayed, so that people know. If that goes down the road of country-of-origin labelling, which is coming to the United States, then we think that's what consumers want and we think that's the kind of way to support our farmers.

I want to end with the suggestion that I think is typical coming from farmers: that it's just straightforward and there's no equivocation. That's the resolution that came out on Sunday from the Ontario NFU's annual convention. I will just read it again as I conclude:

Therefore be it resolved that the National Farmers Union begin to promote a grown or raised in Canada label to apply to food grown or raised by Canadian farmers.

It's about as straightforward and as simple as you can get. It's clear and it's unequivocal: if it's grown and raised in Canada, then it's grown and raised in Canada. I think that's what farmers and consumers are looking for.

The Chair: Thank you, Mr. Robertson.

Monsieur Monty.

[Translation]

Mr. Robert Monty (Second Vice-President, Fédération des producteurs de porcs du Québec): Mr. Chairman, members of the standing committee, I would first like to say that I'm here on behalf of the Canadian Pork Council as well as on behalf of the Fédération des producteurs de porcs du Québec. Thank you for having me today to give me an opportunity to discuss another issue of great concern that affects the Canadian pork industry, namely labelling and import rules.

During our last visit, we talked about the world-wide crisis of the pork industry over the past few years which has worsened over the past few months. You heard a great deal about the high costs of inputs, the spiralling rise in the Canadian dollar and the lack of cashflow among producers. We also underscored that one of the problems that remains in Canada and Quebec is the lack adequate identification of Canadian products. In fact, confusion reigns about the current identification of Canadian products. We are experiencing the same phenomenon in Quebec. Together with this, imported pork products are not subject to the same regulatory standards under which we raise and produce pork here.

We want all the products that we make to be identified correctly, whoever we may be in Canada and Quebec. This is a matter of accountability toward consumers and producers. We're at the point where we're all questioning current labelling of supposedly Canadian products. We're questioning the actual proportion of Canadian content. We're wondering also about the origin of these products. This is a major problem, particularly at a time when Canadian and Quebec consumers are increasingly concerned and interested in finding out the origin of the food they buy and consume. They are interested in the conditions in which the animals are raised. We note that consumers today, particularly in Canada and Quebec, are concerned by the environment, by the safety and cleanliness of food, by the processing and health of the animals and the prohibited use of certain pesticides or veterinary products.

The economic conditions that prevail in an industrialized country such as Canada are such that the working conditions that must be provided by agricultural companies to their workforce cannot rival with those offered in emerging economies such as China and Brazil. In brief, this is a matter of protection and control over what is sold on our supermarket shelves. This is a responsibility we all have toward the consumer.

We should make no mistake in this highly thorny and political issue. Certain considerations must certainly escape us. We all understand that the rules of the import game do not favour Canadian producers right now. We can see this easily just by going to a grocery store, where Canadian and Quebec products are sold at a higher price. On the one hand, exemplary behaviour is expected in Canada; our producers are expected to be beyond reproach. Here, we wash whiter than white, whereas similar products that are imported enter into Canada without being subject to the same rules, and they are sold for less in our grocery stores. Isn't that a double standard?

Of course, we're not here to dictate production rules for other countries. However, one must understand that these rules and standards considerably harm domestic producers. We do not wish to reduce the production standards that govern us in any way, shape or form. We are proud of them. However, we're asking the federal government to protect Canadian and Quebec consumers with regard to products that are imported here. I'm convinced that if Canadian consumers were aware of all these irregularities and implausibilities, they would require some assurance about the origin of the products they buy. In doing so, they would greatly favour Canadian products, which would ensure recognition of our products and the efforts that we've invested in them.

In your opinion, Mr. Chairman, is it normal to see "Product of Canada" on cartons of orange juice?

● (0915)

We all know full well that no oranges are grown in Canada. So how can you know? How can you explain to consumers the reasons behind such labelling? Because it's packaged here? So let's say that adequately, so that the consumer can make enlightened choices. In the mind of a consumer, when he sees the label "Product of Canada", can we blame him if he believes that this is an agricultural product of Canadian origin? This is a question of credibility and responsibility.

In Quebec, we hope to come up with clear identification of the origin of our products, in pork production. We want to see pork products bought at retailers labelled "Quebec". With all the efforts that we've made in promoting that product, it would be logical if the labelling was consistent. Consumers are more and more demanding in this regard, and we encourage them to find out about the origin of the pork products that they buy at the butcher.

You've undoubtedly noticed the importance that we attach to the products we sell and the way we produce them and sell them. Therefore, the federation is recommending tight controls over trade rules in order to allow domestic producers to succeed in this increasingly competitive international market. Let's all be on an equal footing.

Lastly, in order to ensure that consumers can recognize products produced here, that come from here and that are truly produced here, we recommend clear identification of Canada and Quebec products through adequate labelling.

Thank you for having given me the opportunity to present our position on this issue.

• (0920)

[English]

The Chair: Ms. Binnie, the floor is yours.

Mrs. Mary Ann Binnie (Nutrition Analyst, Canadian Pork Council): Good morning, Mr. Chairman and members of the committee.

I'm pleased to be here today to speak on behalf of Canadian pork producers on the subject of "Product of Canada" labelling.

First, let me speak about our group. The Canadian Pork Council serves as the voice of hog producers in Canada. Its membership includes nine provincial industry associations, which represent over 12,000 hog producers. The council serves them through national and international policy advocacy efforts, as well as the development and implementation of initiatives dealing with food safety, animal care, traceability, animal health, environmental management, international trade, and nutrition.

Our leadership has played a key role in allowing the Canadian pork industry to reach and maintain its position among the best in the world. People are increasingly looking at labels when making purchasing decisions. We believe this is due in part to nutritional awareness, interest in buying local products, and the negative reports involving food recalls. Canadians are seeking more information to make decisions that match their personal interests and needs. We should be providing the necessary information so they can make informed choices.

We believe there are two questions the committee should address: first, what is the appropriate definition of "Product of Canada", and second, to what extent should its use be required?

Looking first at the definition, we know that "Product of Canada" statements can be used on goods containing imported ingredients where there is substantial transformation of the goods, or where at least 51% of the total direct cost of the product or manufacturing process is Canadian. The current guidelines for the "Product of Canada" definition recognize the complexity of manufacturing.

Improved storage, transportation, production equipment, packaging, and availability of labour have permitted the globalization of the food supply. It is a global supply chain where distance to market is no longer an issue.

The current "Product of Canada" approach allows for the presence of some imported ingredients or production steps, which are critical in a globalized world—and the Canadian pork sector operates in this very globalized world. Nearly two out of three pigs born in Canada are exported, either as live hogs or as pork products. Exports of pigs and pork were valued in excess of \$3 billion in 2007.

A study by the George Morris Centre, an independent economic research organization, found that those exports alone accounted for 42,000 jobs and \$7.7 billion in economic activity in Canada. But we are also becoming an importer of pork. In 2007 pork imports increased nearly 10% from 2006 levels, and over 30% since 2004, in volume terms. Few consumers are aware of this shift, as most fresh pork at the retail case is not labelled by country of origin.

This brings me to the second point, the extent to which the use of country-of-origin labelling is required. The question here is whether or not a country-of-origin label should be required on all products. We have insights into this issue, with our experience with mandatory country-of-origin labelling in the U.S. That initiative from the 2002 farm bill is set to be implemented in September of this year. The U.S. approach is fundamentally flawed and unworkable, placing onerous and unreasonable demands on the industries in both our countries. As it currently reads, for pork to be considered of U.S. origin, it must be born, raised, and slaughtered in the U.S. So if a weanling pig leaves Canada at three weeks of age and is raised on a U.S. farm, is fed U.S. grains, and is slaughtered in a U.S. facility, it will not be called U.S. pork. Producers, processors, and retailers would need to segregate these animals to track their origin of birth. This is tremendously costly and has already started to impact the Canadian market for weanling pigs.

We are now receiving reports that U.S. purchasers of Canadian weanling pigs are ripping up contracts, and we understand they are citing the upcoming COOL regulations—country-of-origin laws—as their reason for doing so. This is causing a further fall in prices for these animals, and it results in lost markets at a time when our industry can least afford it.

• (0925)

As members of this committee are aware, the Canadian hog and pork industry is facing a great deal of uncertainty right now in the wake of a strong Canadian dollar, increased feed prices, and low commodity prices. U.S. mandatory country-of-origin labelling is yet another barrier for our sector. Mandatory country-of-origin laws interfere with the growing integration of the North American pork and hog industry, to the detriment of producers in both countries.

How is it best to get information to consumers without adding tremendous cost to the system? The answer, for now, is voluntary labelling to promote Canadian products. Pork Marketing Canada, a new organization set up to promote domestic consumption of pork, is launching a Canadian pork retail label that will be applied to packages of pork from hogs that originated on Canadian farms. The Canadian Federation of Agriculture is looking for funding for an extensive grown-in-Canada program that would see Canadian agricultural products promoted.

This identification of Canadian food products is needed in order to provide consumers with information for making their own choices. These are voluntary approaches, with definitions and oversight mechanisms that promote Canadian grown and raised products. These approaches, if properly funded and aggressively implemented, will provide Canadian consumers with the information they want and yet will not place unnecessary burdens on the agricultural sector. It's the carrot versus the stick approach.

We should note that we do not consider the discussion of "Product of Canada" claims to be a food safety issue. We look to the regulatory agencies of Health Canada and the Canadian Food Inspection Agency to set policies and implement them to safeguard the safety of the Canadian food supply. These regulatory approaches are complemented by strong industry programs. For example, the Canadian Pork Council's Canadian quality assurance and HACCP programs for Canadian pork producers and processors set a standard and strengthen our reputation as the leader in food inspection and safety. In fact, I'm happy to say that the CPC's Canadian quality assurance program's tenth anniversary is today. It was launched ten years ago, on April 8, 1998.

Should a decision be made to go further and implement a stronger made-in-Canada label, it would be expected that the rules will be transparent; will not have restricting, distorting, or disruptive effects on international trade; and will be administered in a consistent, uniform, impartial, and reasonable manner.

To conclude, on behalf of Canadian pork producers, I would like to thank the committee for giving us the opportunity to comment on this very important issue. We look forward to the initiatives that are brought forward by the government in light of its consultations.

The Chair: Thank you very much.

We'll have Mr. Friesen, please.

Mr. Bob Friesen (President, Canadian Federation of Agriculture): Thank you very much, Mr. Chair. Thank you for the invitation to be here.

I had the opportunity to attend this committee meeting last week when you had the CFIA and the Competition Bureau in. I was gratified by the discussion around the table and by the indignation expressed by committee members, and I probably can't add much to that

I would like to just point out the comment that Mr. Miller made at this committee meeting with regard to grapefruit, and the further commentary he posted on the Internet that grapefruit can be labelled "Product of Canada". That makes our regulation a joke.

Mr. Miller further went on to talk about garlic and how garlic that actually has been imported from China is labelled as a product of Canada because of the labour used in chopping it up and because of the container. That makes our regulation deceitful.

We believe it's past due that we look at the "Product of Canada" definition, and the list goes on.

I don't think there's anybody in this room who doesn't think that the consumer's being deceived. You could include apple juice. When we had Wendy Mesley at our annual meeting this last February, she talked about fish travelling 24,000 kilometres. I don't remember what waters the fish were fished in, but they travelled 24,000 kilometres to get to High Liner in Nova Scotia, stopping in China on the way here for processing, and again being labelled "Product of Canada".

I spoke to the Alberta beekeepers a few months ago, and they've been trying very hard for years to change the Canada No. 1 designation on honey. That's a grading standard, but again, it gives the consumer the feeling that this is Canadian honey. They told me that at least half of that honey is from China as well.

What's just as important is we believe that the consumers really would like to be able to make an informed choice, and we know that farmers would like to compete, but it's very difficult to meet those twin objectives when imports are allowed to masquerade as Canadian products. Again, we feel it's important to do something about it.

We've talked before at this committee about the consumer research we did on whether consumers would like to buy Canadian products. You will recall that between 90% and 95% of the consumers polled said that Canadian products should always be clearly defined on the shelf. Between 90% and 95% said they would like to buy Canadian products, would always buy Canadian products if they were competitively priced, and we know that "competitively priced" does not always mean the lowest price. Eighty percent supported an initiative such as "grown in Canada". Fifty percent said that they would be willing to pay a premium for Canadian products, and in fact 73% of that 50% said they would be willing to pay a higher premium if part of that premium would go back to the farm gate.

It would be interesting to see consumer research of that sort after the recent episodes we have seen on *W-FIVE* and *Marketplace*.

Having said that, we certainly support the minister charging CFIA with revisiting the "Product of Canada" definition. We think it's an excellent first step. In that process, we would like to see the elimination of the confusion between "Product of Canada" and "Made in Canada". We would certainly support raising the content level when the definition is changed, increasing it from the 51% that it currently is at. If that standard is raised, then also, if a product is substantially changed within our very high food-safety standards, there could be another designation that could be "Processed in Canada". But the "Made in Canada" label we would like to keep for TVs, or widgets, or whatever.

Of course, we do not think that the containers should ever be included in a "Product of Canada" definition. Let's face it: when consumers go to buy food, regardless of the container that it's in, they're not going to eat the container. We believe the consumer thinks that "Product of Canada" talks about the ingredient in the container.

We certainly support the minister's mandate to the CFIA, but CFA members, including UPA and DFC and the Canadian Pork Council, which have been very instrumental in working on this initiative, we

believe should go even further than whatever changes might be made by the CFIA to the "Product of Canada" designation.

We would like to see something that talks about 100% Canadian, something that's outside of regulation—because we know that could take quite some time, and it might not go far enough. So the CFA members decided to go to an initiative that we have called "Grown in Canada".

• (0930)

We know the consumers would like to be able to make an informed choice. We know farmers would like to brand Canadian products. Look, we spend a lot of time, energy, and money bragging about Canadian products internationally. Why don't we brag about Canadian products in Canada as well? We know that imports create a challenge when it comes to competing with imports that haven't been produced within the same food safety standards and haven't had the same costs that are imposed by higher environmental standards and higher labour standards.

We're suggesting a two-pronged approach. One is to have a very clear definition of a "Grown in Canada" product—we're suggesting calling the label "Grown in Canada". It would be a 100%-Canadian product if it's a single product such as meat or fruit. Also, if you have a combination of different ingredients, the major ingredient must be 100% Canadian.

Then, of course, having an initiative such as "Grown in Canada" would also dovetail easily with the provincial-specific initiatives that are already ongoing, or local initiatives that are already ongoing, or even commodity-specific initiatives that are ongoing, such as the blue cow label that Dairy Farmers of Canada have. We envision that these could all work together and complement each other and make sure the consumers have enough information to make an informed choice.

Then, tied to that, we believe it's extremely important that we have a positive campaign to market that "Grown in Canada" label and to let the consumers know what it's about. What does it mean if they see that "Grown in Canada" label? It could tell the good-news story about agriculture in Canada, it could talk about the high environmental and food safety standards that we have, and it could really market that Canadian product.

That marketing campaign could also explain to the consumer how it's tied in with buying locally, or produced or processed in Manitoba, or whatever provincial-specific initiative we might be able to add onto it. That way, we don't have to spend any time doing a negative campaign against imports coming from other countries. Let's be positive about it, and let's positively market our Canadian products.

CFA members have already worked with other farm organizations to talk about this initiative. We've worked with downstream industry. Food Processors of Canada are supportive of this; Canadian grocery distributors are supportive of this. We envision a non-profit organization that would administrate an initiative such as this. Yes, we would need some funding to start it, to do this marketing campaign until it could be self-sustaining.

On behalf of that envisioned organization, CFA has already submitted a trademark application for "Grown in Canada". Again, we believe this can be a really, really good news story if we market it right and we show the consumers, who we know want to buy Canadian products and who are very supportive of Canadian agriculture, and make sure we do that positive marketing campaign, together with very clear information.

To close, let me say, this should not be confused with mandatory country-of-origin labelling such as the U.S. is proposing. We are against it, and in fact have already suggested to the government that if at all possible they should initiate a non-tariff trade challenge, either within NAFTA or within the WTO, because we think the voluntary labelling of our own Canadian products is a much more positive and better way to go.

Thank you, Mr. Chair.

• (0935)

The Chair: Thank you.

Monsieur Laforge.

Mr. Jacques Laforge (President, Dairy Farmers of Canada): Thank you very much, Mr. Chairman.

A lot of the examples we use in our presentation have been used, so I'd like to focus on four key points in our presentation. For the record, we support the CFA grown-in-Canada approach very highly.

We have a system here in Canada that's been working in a certain fashion that we feel is misleading. In dairy we go back quite a ways about labelling. It's not just about products of Canada. We have a lot of other industry players in the food production area that have been using dairy terms on their packaging when there is no dairy content. We've been struggling. We've received support from a lot of the political parties here on labelling. This is an add-on for us, like when you talk about products of Canada, and so on.

So our board sat down to look at it and basically came up with four key areas. Depending on the approach you use, at least develop regulations for "Product of Canada" claims on food goods, and be very clear about those regulations.

We need to consider more strict requirements for "Product of Canada" labelling than those currently dictated in the guidelines. We have a few examples here. If that's the approach you're going to take, instead of saying it has to be 51% minimum content, we say it should be 70% minimum content, and 70% of the costs of production must be incurred in Canada. Strengthen those criteria, so if most of the product in that package is from Canada, you put the onus on that if you're going to use the "Product of Canada" labelling.

Also make the regulations voluntary, with a less onerous option on minimum Canadian content where you use "Processed in Canada", with the incorporation of a country of origin and a listing of primary ingredients. So if you have a product that's been processed here but most of the ingredients come from outside Canada, you list the primary ingredients on that package and then you can say it was processed in Canada. That's the approach we'd like to see.

When it comes to using "Made in Canada", that should apply only to non-food items. "Product of Canada" is for food, and "Made in Canada" is for non-food items. Be very clear on that so it's not misleading.

I think if you achieve those criteria, the less you stir up what we have and the more you clearly define in a better form what that terminology means. Then have a public campaign to promote that kind of approach to the consumers so they clearly know what's being talked about.

In a nutshell, that's basically what we have in our presentation. I'd like to make a final few comments and read through different presentations. I'll do this in French.

[Translation]

We must be very careful in what we do, because the terminology varies from one agricultural product to another; for example, "Product of Canada" versus "Product Grown in Canada". We produce milk, but we grow cereal. We have to adopt French and English terminology that means the same thing. From my experience in agriculture, it's often complicated to use the words "cultivé" and "produit". I don't want to get too technical, but if we develop logos or other similar things, the French and the English versions have to send out the same message.

Thank you very much, Mr. Chairman.

• (0940)

The Chair: Thank you very much.

Mr. Lemieux.

Mr. Pierre Lemieux (First Vice-President, Union des producteurs agricoles): Good morning, Mr. Chairman, members of the committee.

Our presentation will be in two parts. I will do the first part, and Ms. Savary who is accompanying me will talk to you in greater detail about the technical part.

The Union des producteurs agricoles is very pleased with the government's position that favours regulations regarding labelling and the use of the term "Product of Canada".

Our brief will deal primarily with the designation of origins, reciprocity of standards, categories of classification and certification of organic products. Producers in Quebec and Canada adopted very strict quality standards with which the industry or the producers go a little further than provincial and federal regulations require. Moreover, environmental standards have also been imposed on us with regard to respecting growing methods.

This business has evolved enormously and we're faced with regulations that go back many years and that have not been amended. Agricultural producers have lost contact with consumers. Historically, when you saw the word "Canada" on a label, it meant that Canadian consumers were in contact with the producers. We hope that this regulation will foster greater contact again, which is what we want, and that producers can be in contact with consumers again thanks to the use of the word "Canada".

After that, producers will be in a position to adopt communication, information and value-added strategies for our products in our contacts with consumers which will mean, we hope, that we will be supported by adequate regulations in order to have an agricultural sector that will be prosperous in the future.

We are working with that perspective in mind. We hope that there will be regulations and we will participate in a fast-track movement to obtain results quite quickly in order to kick-start the agricultural sector.

I would now ask Alyne to continue.

• (0945)

Mrs. Alyne Savary (Director of Marketing, Union des producteurs agricoles): Thank you.

Good morning. It will not come as news to you that there is an income crisis in farming. We have a situation in which prices are dropping, regulatory requirements are becoming more stringent and there is a great deal of competition from imports. Our products have to compete with products from countries around the world, not all of which have the same standards. Consequently, there is sometimes unfair competition. This situation is further aggravated by confusion regarding labelling rules—the subject of today's meeting—which prevent consumers from having clarity when they try to select Canadian products.

However, the Canadian legislation on the rules of origin of products states that no one may in any way mislead consumers or cause confusion as a result of false or misleading representations or allegations regarding the nature, value, origin, composition, benefits, quality or safety of a product. We think that some things could be done to correct the situation and that they could be implemented in a way that would cost less. We think consumers are entitled to be able to make enlightened decisions about the origin or quality of the products they buy.

As regards reciprocal standards, the reliability of the Canadian inspection system and its procedures for monitoring domestic products enjoys international recognition. The same cannot be said regarding all the countries whose products appear on our store shelves. In recent years, Canada has established environmental standards, and a safety and traceability program. In addition Canada's labour conditions are among the most demanding in the world. All of these measures involve additional investments and costs for farmers. And these can rarely be passed on to the market, and for a good reason: it is impossible to determine exactly whether or not a product is from Canada. It is impossible to distinguish clearly which products are Canadian. We think it is essential that the Canadian government take a position and ensure that requirements regarding Canadian products are enforced just as stringently as those that apply to imported products.

We think too much flexibility is shown as regards the identification of products. As was mentioned earlier, the label "Product of Canada" refers to a product for which 51% of the manufacturing costs occurred in Canada and whose final processing was done in Canada. That means that a "Product of Canada" offers no guarantee about the origin of the substances used in the manufacturing process. This can cause confusion for consumers. Even if consumers are prepared to buy a Canadian product, they cannot, on the basis of the label, determine whether or not the product actually is Canadian.

Let us take the example of honey. A great deal of honey imported from Argentina is packed here and may be labelled "Product of Canada".

Our intention is not to prohibit imported products, but rather to ensure that consumers can make enlightened choices, real choices.

The same problem exists for private brands and the brands of major distributors. Some of them obtain their products abroad. For consumers who want more clarity about the origin of their food, this nevertheless means that the origin is unknown. We think the information must be simple and credible so as to help consumers choose Canadian products. This in turn will be beneficial to consumers and to the entire agri-food chain. We also realize that the label "Product of Canada" applies not only to food but also to all other products. We think food should receive special treatment because Canadian consumers are very concerned about agri-food products.

As regards the classification standards, the labels "Canada A", "Canada Choice", "Canada No. 1" and "Canada Fancy" simply add to the confusion. They may lead consumers to think that they are Canadian products, but, as we know, these standards refer only to the classification system administered by the CFIA, and they imply nothing regarding the origin of the products. We think this is misleading to consumers.

I would like to make a brief comment about organic certification. In order to meet European standards, at the end of 2006, Canada passed the Organic Products Regulations under the Canadian Agricultural Products Act. The regulations come under the responsibility of the CFIA. This is essential if we are to continue exporting our products to Europe, and to other places. Something rather disconcerting came out of a round table on organic farming and its regulations; a round table that was held last week. At the moment, the regulations are being studied, but they still allow the "Canada Organic" label to be placed on imported products. However, consumers and producers have long been asking to have this label placed only on organic products from Canada.

• (0950)

Earlier, we talked about the idea of establishing a brand image for Canada. The Canadian Federation of Agriculture is working on the "Grown in Canada" project. Of course we are involved in that. Quebec uses a label "Grown in Quebec" for purposes of identification. We think it would be a good idea to use that as a model. The Quebec government, which has just implemented a strategy to promote Quebec products, will use the label "Grown in Quebec" to identify products.

I will repeat the UPA's proposals: to introduce labelling rules that eliminate any ambiguity regarding the origin of products so that consumers can make enlightened choices, and, in this respect, to restrict the use of the term "Canada" so that it refers only to the origin of a product; to amend the regulations so that the label "Product of Canada" and its derivatives such as "Made in Canada" are reserved only for agricultural products raised and grown in Canada and food made from them; to review the terminology used in the classification standards regarding product quality (Canada No.1, Canada Fancy), to make it impossible to have the word "Canada" appear on imported products; to explain to consumers the definitions of these vocabularies; to require that imported products meet the same production and processing standards as those in Canada; to tighten up the import standards and to give the CFIA effective tools and increased power and the resources required to guarantee reciprocity; to strengthen the certification system for organic products.

The Union des producteurs agricoles is of the opinion that this public discussion will result in approaches that will allow consumers to make enlightened choices and producers to be in a fair position as regards foreign products. Decision-makers have available to them some realistic options that would meet the expectations of international trade. It is up to us to choose the right label.

[English]

The Chair: Merci.

I want to thank all the witnesses for their input. I think those were great opening presentations.

With that, I will turn it over to Mr. Steckle to kick us off on our seven-minute rounds.

Mr. Paul Steckle (Huron-Bruce, Lib.): Thank you, Mr. Chair.

I want to commend all of the witnesses this morning. I think you presented well. You've given us a lot to think about, and I think there's a lot that I certainly totally agree with.

I think it was mentioned by Mr. Laforge, who we had earlier at committee meetings, a number of years ago. He talked about truth in advertising. I think this is what this is all about. We don't have truth in advertising, even at the level we're talking about this morning. You are referring specifically to dairy terms, and that is something we still haven't come to grips with, and we need to. That's just one area. I certainly agree with you.

I do want to make a few brief comments. There are some things I have taken from this discussion. What I've been hearing through forums we've done throughout the country is that "Product of Canada" should no longer be used. That needs to be abandoned. It doesn't give a clear understanding of what we mean when we say "Product of Canada".

I've been thinking and talking about this for a long time and asking a lot of questions. It needs to be clear. We need to keep it simple: "Grown in Canada", not "Raised in Canada". We don't "raise" cherries, we "grow" cherries. We also grow hogs, we grow beef, we grow oats, barley, and wheat, and all of these commodities. We grow dairy products. We don't "raise" milk, we "grow" milk. I happen to be a farmer, so I know these terms.

I think it's important that we keep it very simple—"Grown in Canada"—and then do the advertising and promotion around that concept so that Canadians come to understand when they see "Grown in Canada" on a label that it is a Canadian product.

Whether it's Quebec, B.C., Nova Scotia, Ontario, with rutabagas, or apples in Nova Scotia, or your veal from Quebec, it doesn't really matter. You can put your own label along with that, but that doesn't take away or denote anything less than what the meaning really means when it says "Grown in Canada".

We know Canadians understand CFIA, PMRA, Health Canada. All of these agencies have done their great work in promoting safety and efficacy in food production. Canadians understand that, but we are misled by this whole area of difficulty in understanding our advertising.

I would like to have your comments on whether "Grown in Canada" is something we can take forward, on whether we can further recommend that these be changed in our regulations so that we can go on, and then promote it from there.

• (0955

Mr. Jacques Laforge: I'm not sure of the exact process here. If we mean that we do away with "Product of Canada" and you can't put it on the label any more....

Mr. Paul Steckle: The reason I said that is it's been misleading. We can't have two or three. If we put "Product of Canada", then it is not "Grown in Canada". It doesn't give that absolution that this product was grown in Canada.

When we buy a "Grown in Canada" product, we know that product was grown in Canada—also processed, perhaps, but grown in Canada.

Mr. Jacques Laforge: In our submission we talk about still using "Product of Canada", but putting regulations in place and not confusing it. If it gets too onerous, then they can go and say "Processed in Canada".

I think the issue for me is more like if we go with "Grown in Canada", I wouldn't want to see the usage of "Product of Canada". If you have the two going on at the same time, you might create more confusion. I look at what UPA just said a while ago about "Canada Fancy". It's the word "Canada" that they want to hitchhike on, I guess, and that's what we need to address.

Which is the best way, that's up for debate. I think that's why we're here.

Mr. Bob Friesen: That is an interesting point. The reason that CFIA members decided to leave "Product of Canada" alone and go another step and have a "Grown in Canada" label is because we thought the downstream industry had grown to rely on the "Product of Canada" labelling.

Given that the minister has mandated the CFIA to revisit the definition of "Product of Canada", we support that process, but to get support from the Food Processors of Canada, we wanted to make sure we left what they had grown to rely on intact, but to create an extra designation and to do a strong marketing campaign on it.

But you're right, to prevent confusion it would have to be very clear in that marketing campaign what they stood for.

Mr. Paul Steckle: I'd like to hear a few others comment, particularly from Quebec, and Mr. Robertson, on how they arrived at the consensus on "Grown in Canada". I have no connection with Mr. Robertson's recommendation. I didn't realize you were coming forward with that. He happens to come from my riding and is a great friend of mine, but great friends sometimes think alike.

The Chair: Mr. Robertson or Mr. Lemieux, do you have a comment?

Mr. Grant Robertson: I think you're on the right track, Mr. Steckle.

The problem with "Product of Canada" is it's now become so discredited that it's difficult for a lot of consumers—even with a really strong promotional aspect—to get their minds back around the fact. Now people are so skeptical about that term.

We change labelling requirements quite frequently. We add and delete on what is required on nutritional labelling on our food. Obviously there would have to be some kind of lead-in process. But if we're going to keep the "Product of Canada" label, we have to do an awful lot of work to overcome the cynicism. The best way to deal with this whole problem might be to move forward in another way.

• (1000)

The Chair: Monsieur Lemieux, go ahead.

[Translation]

Mr. Pierre Lemieux: Our position is almost the same as that of the CFA. As regards the use of the word "Canada" and what is grown or produced here, we want the raw material to be produced in Canada or to be of Canadian origin. If there has been some processing, we have no objection to the use of this terminology. In this context, we must find the right words and the right translation so that people understand what is what.

Our objective is to place more emphasis on the word "Canada", so that the production and processing industries in Canada are given new vitality and so that there is a link between consumers and producers. Ultimately, this will allow producers to develop strategies to reach consumers. In this context, we need regulations that protect this activity.

[English]

The Chair: Monsieur Monty, Mr. Steckle's time has expired, so if you can, make a quick response.

[Translation]

Mr. Robert Monty: In my opinion, the problem is that at the moment we put labels on final products. And yet we are talking about consumers and food products. The consumer goods displayed on shelves must be regulated. If the product—and I am not talking about the container—is labelled "Product of Canada", it absolutely must be produced in Canada. That is the main point. According to the current criteria, even if the packaging is four times as expensive as the product itself and if the label "Product of Canada" is placed on it, consumers are not using a product of Canada. We set high quality standards, and they should be met.

[English]

The Chair: Merci.

Monsieur Bellavance is next.

[Translation]

Mr. André Bellavance (Richmond—Arthabaska, BQ): I would like to thank all of our witnesses for their presentations this morning. We find ourselves in a pleasant situation, because we are all heading in the same direction, which is not always true of committee work. We may differ on percentages, the terms in French and English, and other such technicalities. Clearly, we are going to have to reach an agreement on these, but there is no doubt that the will to do something exists. I may have been somewhat optimistic before, because I imagine that the processors will have a problem with this. They will maintain that their products are products of Canada and that with the 51% rule, they must be recognized as such. There may be some people who will be against what we are trying to do here, but we are definitely on the right track.

I also wanted to say that even though I do not have a scientific survey such as the one referred to by the CFA, regarding consumers' preference for Canadian products, I can nevertheless comment on this personally before I come to my questions. Last weekend in my riding, there was an event where people could taste local and regional products. In a municipality of 6,000 people, 500 attended this event. Even the beer and the spring water were from our region. The reason I mention it is just to say that we have some very attractive food products.

Mr. Larry Miller: [Editor's Note: Inaudible].

Mr. André Bellavance: Yes, Larry, I will bring you some of the

Some hon. members: Oh, oh!

Mr. André Bellavance: There is an unmistakable interest in these products. People want to eat high-quality products. And when the products are local, people are even more interested.

I would like to hear your comments, Mr. Lemieux. I recently read an editorial written by the president of the UPA about food safety. Unlike some, I do make a connection between food safety and labelling. When we use truthful labelling to say that something is a product of Canada that has been manufactured in accordance with Canadian standards—and I deliberately used the word "Product of Canada" rather than "Grown in Canada"—that is, a genuine product of Canada, and not a product subject to the current standards, we have an assurance that this is a quality product. People feel safe when they know that the product they are going to eat—I'm not talking about the pot or the lid—is really a product that was made here. That is not true of imported products.

I feel that the Canadian Food Inspection Agency is being rather lax. I am not singling it out and I am not saying that it is not doing its job. Fortunately, there have been some product recalls, but perhaps there have been too many of them. Perhaps there are too many foods that are getting across the border. Later, we find out that the product has made someone sick, and it is taken off the shelves. In my opinion, there is a weakness on the inspection side, not just at our borders, but in the field in countries where things are produced using pesticides or insecticides that are banned here.

I would like to know whether you make the same link—namely that once consumers know that the label on their food is in genuine compliance with our regulations, they will feel more reassured about the safety of the food they eat.

● (1005)

Mr. Pierre Lemieux: We came to the same conclusion as you regarding food safety. In fact, this is why we go so far as to require standards of reciprocity in our presentation.

These standards cover everything regarding the quality of products and the use of certain substances such as herbicides, that may be used elsewhere. In Quebec, these products are not even registered or allowed. We let in food that is produced elsewhere using these same products. That is why we have taken an extra step as regards labelling. We go further to protect consumers by calling for reciprocity.

Mr. André Bellavance: I also wanted to talk to you about the way that labelling is done. Do you think that someday there could be regulations that would make it possible for us to have a recognizable "Product of Canada"? The label would state that the product or food is from here. Beside it, there could be another product whose label would state that it can be sold here, but that it comes from somewhere else. It may have been processed here, and it could be mixed with a particular percentage of this or that during the processing, but we would know that it was processed in Canada. Finally, there would be another product that clearly came from somewhere else—peas from China, for example, which would be labelled an imported product.

Do you think we could ever have regulations that would give consumers a clear visual signal about what they are buying?

Mr. Pierre Lemieux: I think it is not only possible but also doable. I am expecting that the regulations that will be coming forward will make this possible.

When I talk about establishing a link with consumers and having the resources to do that, this is exactly what I am thinking about. There must be a clear label that allows us to identify Canadian products. Subsequently, we will establish links between consumers and producers in all sorts of ways—whether we have a seal or a logo stating "Product of Canada" or some other promotional activities.

Eventually, we will come up with joint strategies for consumers and producers to meet the demand for Canadian products. I hope the new regulations that will be made public as a result of the committee's work and that of the people in charge of drafting these regulations will allow us to meet these objectives.

[English]

The Chair: Mr. Bellavance, Mr. Friesen wants to get in on this as well.

Mr. Bob Friesen: Yes, that's exactly what we envision. Depending on how much the "Product of Canada" definition changes, it may not go to the level that the industry thinks we should be at to have clear information for the consumer. So keep that "Product of Canada" definition as a minimum.

The processing industry is onside with going a step further, but they have grown to rely on "Product of Canada".

If you want to have a "Processed in Canada" designation, processing does contribute to our Canadian economy, so you could have that as well. But then have this "Grown in Canada" be a very clear label that consumers are familiar with through a positive marketing campaign. It creates a groundswell of support and makes it almost market mandatory, the way on-farm food safety programs have become. So if a consumer walks into a store and they don't see clearly defined Canadian products, they ask the store manager, "Why aren't you clearly defining Canadian products? If I go into another store, they have it." That way, make it a real groundswell of support for branding Canada in Canada.

• (1010)

[Translation]

Mr. André Bellavance: Mr. Friesen, I have some apprehensions about the definition of the word "product". If we allow retailers to continue using the expression "Product of Canada" as is done at the moment, and if we add another label that states "Grown in Canada", I am afraid that consumers will still be confused.

I think we need to change the regulations to ensure that a product of Canada is really a product of Canada. If there is ambiguity, as there is at the moment, we may be trying to please everyone, but I think consumers are still confused. Ultimately, it is important for farmers, for economic reasons, to have people know that the product they are buying comes from them.

[English]

The Chair: And just for your information, Mr. Friesen, Mr. Bellavance's time has expired, so I would appreciate a very brief response.

Mr. Bob Friesen: If that regulation change would result in a very clear, pure definition of what's grown in Canada, and if it didn't include the container, then it certainly would be worth looking at.

The Chair: I understand Mr. Lauzon and Mr. Miller are going to be splitting the seven minutes.

[Translation]

Mr. Guy Lauzon (Stormont—Dundas—South Glengarry, CPC): Thank you, Mr. Chair. I will be sharing my time with Mr. Miller.

I would like to thank our witnesses for being here today. Like Mr. Bellavance, I am pleased to see that we are all on the same page. [*English*]

It has been a very interesting meeting so far, and I thank you for your presentations.

When we look at a problem, I think it is important that we start with the facts, and I'd like to make a couple of statements. One is that our food supply is increasingly becoming global in nature. At one time, a hundred years ago, of course, it was an all-Canadian food supply. Now we're into a global market, and consumers want a clear indication of what's in the can, in the package, and where it came from

The other thing I'd like to say is that the new global supply chains have fundamentally changed the way in which food is processed, delivered, etc. Some of you mentioned fish coming from wherever, being partially processed in China, and then coming on over to Canada. I think everybody sort of agrees with those two facts.

The other thing I seem to be hearing from everyone is that if Canadians are given the opportunity, by and large the majority of them will choose to support Canadian agriculture. I see some heads nodding. That would be the general impression. The other thing that seems to be apparent is that this has been an ongoing problem for some years. We have experienced that this is not a recent phenomenon. It has been going on for 10 or 15 years. For whatever reasons, there seems to be some optimism now. Mr. Robertson, Mr. Friesen, and maybe Mr. Laforge all indicated that it's nice to see some movement on this. There again, there is reason for optimism.

We can't go back. We can't figure out why the former government chose not to react when this phenomenon first happened. Obviously, we have reached the point now that we have to do something about it.

One of the things that should encourage all of us, including you people here who are producers, is the Prime Minister's announcement in December of Canada's food and consumer safety action plan. There is \$113 million there. It's not all dedicated to this, but a good portion of it is to regulate this problem. So we're moving ahead now.

The other thing that we should take some comfort in is the fact that our minister is listening. Many of you said the minister seems to be listening and you have the ear of the minister. This is the way this minister operates. He goes out and finds out what the problem is, finds out from the—

The Chair: Mr. St. Amand, on a point of order.

Mr. Lloyd St. Amand (Brant, Lib.): On a point of order, Mr. Chairman, I thought I heard you indicate that this was to be a question and answer session. I suspect that the honourable colleague across the way is eventually getting to his question, but if he's splitting his time with Mr. Miller, he's perilously close to his time being up.

Mr. Guy Lauzon: I'm watching the time very closely, Mr. St. Amand.

The Chair: That's not a point of order. Members can use their time as they see fit.

● (1015)

Mr. Guy Lauzon: The truth of the matter is.... I guess what I'm trying to say is that, finally, we're going to correct this problem. We have the money. We have the minister who is willing to listen, and we're going forward, and we're going to address this issue. There's a

commitment from the Prime Minister. There's a commitment from the minister.

Now I want to ask you this. In the last ten years, do you feel that because of this inaction it cost your industry money? Anybody who wants to can answer that question.

Keep two minutes, please, Mr. Chair.

The Chair: You have three minutes left.

Mr. Guy Lauzon: Okay, Mr. Laforge.

Mr. Jacques Laforge: This has been a gradual evolution. I would compare it to a farm field where weeds start to pick up in your field and you can't find any herbicide to kill it, and it keeps growing worse and worse. We are at a level now where it has surfaced to a point that the consumer has been made quite aware, with all the programs that have been going on.

If I look at the dairy terms problem, I know that MP Paul Steckle has done a lot of work to help us on dairy terms in the past. This gets very complex when you try to bring the processing world on board. I remember all kinds of campaigns on the Hill here, by processors, to confuse dairy terms. I hope we don't get into this one again, and with all good intention, when you start putting regulation to strengthen something, it comes from all sides. We're trying to do this for the farming community so that what we grow in Canada is actually very clearly identified as coming from Canadian farmers. That is the objective.

It has been a gradual evolution. It has been tackled before, but now it seems to be facing all farming communities.

The Chair: Mr. Miller, you have two minutes.

Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC): Thanks very much, Mr. Chairman.

Thanks to all of our witnesses here today. This is an issue that has been wanted for a long time. It is, as somebody pointed out, good to see that everybody basically is on the same page.

I have a private member's bill that's being debated at another committee as we sit here. After my questions I'm going to go, so I do apologize for having to leave.

I've been in support of having something—you can call it truth in labelling, call it what you want. But as Mr. Robertson, Mr. Friesen, and I believe others have pointed out, the laws we have now on our "Product of Canada" and what can come under that are definitely deceiving the consumer. I'm in full support, and since my early days on some local farm groups, including the Bruce County cattlemen, I've been pushing for this. Here we are almost 30 years later, and we're still fighting that same battle.

We have asked the minister.... And when I say "we", that's all of us together. I think it's on all of us here to keep pushing for that. He has agreed to look at it. I think that's good. We have to make sure that it follows through.

I want to point out, too, that I'm not going to get hung up on whether it's "Product of Canada" or what the exact term is at the end of the day. However, it must be clear, concise, and there should be no deception to the consumer, and it certainly should not include the package.

I have two questions, Mr. Friesen, and I thank you for your comments earlier on my article. One question is on the "Grown in Canada" label. I understand that your organization—and I need you to answer this—indicated that you wanted to patent this. If that is the case, do you hope to sell the use of this to producers afterward? Can you comment on that?

It is out there in the public, and I'd just like to have you clear the air on it, if you wouldn't mind.

The Chair: Mr. Friesen.

Mr. Bob Friesen: First of all, yes, we have submitted a trademark application for "Grown in Canada". We don't envision that the CFA would administer it; rather, it would be a non-profit organization—including whatever organizations to do it—including downstream. It wouldn't so much be selling it to farmers. Until the whole process and initiative is on its feet, we would have to rely on a level of government funding to do that positive marketing campaign. We see it eventually being self-sustaining. It would require that whoever labelled the product would perhaps have to pay a minimal licence fee, and in that way keep it a self-sustaining initiative.

It's certainly not meant to be a CFA process where CFA tries to make money from that trademark application. It would be a joint industry effort, including downstream, and certainly not tied to any one organization.

● (1020)

The Chair: The time has expired.

We're going to move to Mr. Atamanenko.

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

Thanks to all of you for being here.

I'd like to take a minute to talk about food security and food sovereignty.

We've seen, and we're seeing it across Canada, that the movement is growing. We know that UPA is supporting this in Quebec. At the meeting in Russell, we saw representatives from Quebec and the president of the Ontario Federation of Agriculture underlining the importance of this. We saw it at the convention of the National Farmers Union. In my riding in British Columbia there are pockets of people who are getting food charters and even going to the extent of once again growing wheat in an area so we can have local wheat.

Our committee, in the report we made after our cross-Canada tour—I believe it was Larry's recommendation—emphasized food security in Canada.

By doing what we're doing, by revisiting product-of-Canada claims, and by ensuring that this really reflects what it's supposed to, could this be a necessary first step as we look at the whole issue of food sovereignty and food security?

Second, I've heard the words "voluntary" and "mandatory". I'm wondering how you folks see that. Should there be certain criteria that make it mandatory? Should there be some that leave it voluntary?

For example, in the area of meat, we know that our cattle producers, and I guess the pork producers, are not happy with the COOL regulations in the United States. But if we then turn around and put in the same kinds of regulations here, how does that affect that industry, when we know that meat goes back and forth across the border? Should they be separate from fruit and vegetables and grains and oilseeds? That's a question I have.

And my last question

[Translation]

is to you, Mr. Monty.

Could you give us some details and concrete examples about the rules that are not favourable to Canadian producers?

[English]

So maybe we'll start here. We haven't heard from Nigel, who's a young farmer. Do you have any comments on this? You've just been sitting and taking this in. Then maybe we can just go around the table

Mr. Nigel Smith (Youth President, National Farmers Union): Thank you.

Well, on your first comment regarding food sovereignty and food security, I think that positively, labelling can really do a lot to encourage the development of a more secure and sustainable food supply within Canada. These aren't heavy-handed regulations we're asking for. This is simply making the consumer fully aware. We're advocating for full disclosure of where food comes from. We think that Canadian consumers are concerned about this. And if they are informed, then we will be developing a more secure domestic food supply.

I'm sorry, what was your second question?

Mr. Alex Atamanenko: Should it be mandatory or voluntary? And there's the whole question of meat and meat regulations.

Mr. Nigel Smith: Well, I think mandatory labelling is what the National Farmers Union is asking for. These are muddy waters right now, and we're looking to clarify things. Adding more labels and different criteria by which these products are going to be defined doesn't do anything to clear things up. That's why we'd like to see full disclosure on these labels.

Mr. Grant Robertson: If I could just follow up on what Mr. Smith had to say, the farmer members of the NFU have looked at this option. There are basically two options that have to be followed. One is that if it's a product that's coming into this country and being sold on our shelves, it should be meeting our labour standards, our environmental standards, our food safety standards, and so on.

If you want to go the optional route for this kind of stuff, you have to enforce those regulations through other means. The only other way to make sure that Canadian farmers are on a level playing field with these products that are coming across our border, which don't meet our standards yet are sold on our shelves and competing on our shelves with our products, is mandatory labelling. You have to do one or the other, and we think the easiest one to do is mandatory labelling.

● (1025)

[Translation]

Mr. Alex Atamanenko: How would you answer the question, Mr. Monty?

Mr. Robert Monty: I'm pleased to answer your question on the rules of the game. We're talking about properly labelled products. With regard to domestic production conditions, as I've indicated in my speech a little earlier, we have to wash whiter than white. In other words, environmental standards for production in Canada have become very strict, very severe.

In pork production in Canada, feed that contain residue has been removed, whereas we know that such products exist elsewhere. As my colleague indicated earlier, standards have been established in the past 10 years. The quality and production standards throughout Canada are such that we know our pork products are the best in the world, in terms of food safety as well. In fact, we are not competitors to our next-door neighbours or any other country. That's what sets up apart the most. We require methods and production criteria for our domestic producers in order to ensure that the public, the consumers, get a high-quality product. However, we often get the rug pulled from under us with products that come from abroad that are not subject to the same criteria. We have difficulty getting recognition for what we do; the government and the people who support us have trouble with this.

Let me get back to labelling. We must understand that if we let companies do what they like, they'll do absolutely nothing because they profit from the fact that the labelling is not compulsory. The present labelling rules benefit the food sector, but not the producers.

We're talking about food. Rules were put in place and they have to be reviewed. We are all fair-minded, we want to show respect for ourselves and show the population that we are people who want to go further and protect the quality of our food. At the same time, labelling is being allowed that has no teeth and that means that the population is misled because the products do not respect our production standards and criteria. This doesn't work. We must be careful, as I said earlier. The labelling must apply to the actual product being consumed by the consumer, not just the packaging. That's fundamental to my mind. We need adequate labelling and there will have to be regulations to achieve that. If you give free reign to companies, you should know that they profit from this today and they want that to continue. They're there to make money.

Thank you.

[English]

The Chair: Merci.

Mr. Doyle, perhaps your response could be a very quick one. We're out of time and we have to move to our five-minute rounds.

Mr. Richard Doyle (Executive Director, Dairy Farmers of Canada): Thank you very much, Mr. Chairman. I'll be quick. I just have two points that I want to make.

First of all, this is all about branding Canada. There's a value in marketing. I was interested in Mr. Atamanenko's remarks about the relationship with food sovereignty, because there is one.

I want to read out a sentence about a survey we did on the importance of the term "Canada" or "Canadian" for Canadian consumers when choosing or buying dairy products. This is in the context of the logo we have for identifying Canadian dairy products. It's a blue cow. Many of you are familiar with it.

The single biggest attribute or driver for consumers is the following:

The primary driver remains an insular belief in the Canadian government food standards relative to other countries rather than specific product-related attributes.

That's the strength of "Canada" or "Canadian". That's why consumers buy it.

With regard to the issue of voluntary versus mandatory, we're all against COOL. Let's not make the same mistake; it has many complications. The difficulty we're having now is that you have a voluntary system but it's not regulated. It's subject to guidelines. What you need to do, if somebody uses "Product of Canada", is regulate those conditions and make them much more stringent than they currently are.

● (1030)

The Chair: For the information of all the witnesses, we're now kicking off our five-minute rounds. I am going to hold members to five minutes, because we have five members lined up already on the sheet and we have less than 30 minutes to go. Let's keep it precise and to the point so that everybody gets a chance to get their questions in.

Mr. Boshcoff.

Mr. Ken Boshcoff (Thunder Bay—Rainy River, Lib.): Thank you, Mr. Chair.

This is kind of a practical situation. In the next few weeks we're going to have a grocer and entrepreneur, whose name is Mark Loney, come to us and explain his experience and frustration of getting a product identified and labelled in Canada. The problem is that the product has already been sold for about 50 years under a different name. Last year he received approval by the United States government to sell it in the United States.

The issue is very interesting. We talk about "100%-grown". His is 100%-grown in Saskatchewan. The product is assembled here, and it's obviously something we can sell a lot of, not only domestically but as an export. The issue is—and I'll ask if any of your members have had similar experiences and frustrations with the CFIA—that it took 46 days just to change a capital "T" back to a small "t".

Right now, in Canada—and it would be hard for any of us not to share Mr. Loney's frustration—the major jam companies are noncompliant because they have the error on their product, but he has been held back. He points out very clearly that imports from China do not have to be registered; they don't have to have French or any nutritional guidelines. To me, it's a national disgrace.

So I'm going to ask this question to you. How many of your members have come to you, in your various associations, with similar frustrations; and should it be that any imported foods should be subjected to the same rules, regulations, testing, inspection, and labelling as Canadian producers have to follow?

Maybe we should conduct one of our meetings as a standing committee in a grocery store and just reach back and take a look at some of these things.

Thank you.

The Chair: Who wants to go first? Mr. Friesen.

Mr. Bob Friesen: I'll lead.

On making it mandatory whether our imports have the same standards as our products do in Canada, we have always advocated that we wanted to keep our on-farm food safety programs voluntary. To do that, or if we wanted to stop imports coming in that didn't have the same on-farm food safety standards, we would have to make our farm safety programs mandatory. So we've decided to take this route and do a positive marketing campaign on Canadian products.

For the same reason that we don't want a huge amount of pushback from food processors and grocery distributors, we've said let's make it voluntary rather than have them enter some sort of mandatory labelling regime.

[Translation]

Mr. Pierre Lemieux: The answer to the question is yes. However, that means labelling. The label will be the first signal of this implementation. It will be the first step. We can go back to what this gentleman said earlier about food sovereignty. The regulations that will be put in place will be a first step toward food sovereignty, toward the recognition of the power of peoples to at least regulate part of their production and trade.

With regard to regulation, I would remind the Competition Bureau of what it says itself. In the Guide to "Made in Canada" labelling, the Competition Bureau even recommends using restrictive indicators. That can only be done voluntarily; people have to be forced to go further. Moreover, the health of consumers has to be protected. One mustn't forget that the basis for regulations is to protect the health of consumers.

● (1035)

[English]

The Chair: Mr. Robertson.

Mr. Grant Robertson: I certainly can speak to another number of anecdotes of people who have faced barriers trying to value-add here in this country, and beyond just labelling. But I want to come back to this issue of whether it's mandatory.

We have a certain set of laws in this country that we follow, that we put in place for very good reasons, around labour standards, environmental standards, and health standards. Those go well beyond or are the basis of what might be happening on any particular farm following farm safety programs.

Even with those laws in place here, we allow products into this country on a regular daily basis, thousands and thousands of tonnes of them coming into the country, that don't follow those basic laws. So it's not just the voluntary stuff we do to add on top of that; it's the basic laws. We have to at least begin stopping those and we have to be protecting Canadian farmers and Canadian consumers, because we're all in this together.

We know that food is a determinant of health, and the quality of that food is a determinant of health, way beyond just if you don't eat it, you fall over. This is an important issue for our consumers. We produce the highest quality, safest food in this country, and we have to stop being embarrassed about it.

The Chair: Thank you.

Mrs. Skelton, you have the floor.

Hon. Carol Skelton (Saskatoon—Rosetown—Biggar, CPC): Thank you very much, everyone; I really appreciate it.

Mr. Boshcoff, I was strolling through an Independent grocery store here in Ottawa last evening, buying some produce and checking the labels. I think Mr. Friesen was in the same grocery store. I didn't see what he had in his cart, but it was very interesting. At home in my small grocery store in Saskatchewan we don't have the choices they have here. I bought some wonderful little cucumbers from a farm here in Ontario and I checked them out on the website because they had their website listed on it. Then I checked the canned goods. It disturbs me to see what they say is Canadian produce, and we know for sure it isn't.

Mrs. Binnie, we didn't hear from you about your voluntary labelling. I'd like to know your opinion on that, and why the Canadian Pork Council has set voluntary labelling instead of mandatory.

Mrs. Mary Ann Binnie: Thank you for the opportunity. A couple of other times there wasn't enough time.

We do support a voluntary versus mandatory system. We certainly wouldn't want to impose on imports any standards we're not in favour of, given the fact that we export so much pork.

A voluntary system also will work, in that the marketplace will drive the program. If consumers see it in one store, as Bob mentioned earlier, then they will be asking why our products aren't labelled accordingly.

We are definitely in support of labelling Canadian pork products in the meat case as being from Canadians, so they're able to identify. Give them that choice. This is Canadian, this may be U.S., another country of origin, but at least they're given the choice as to what they want to purchase. That's what we're in favour of, a voluntary program that gives them the tools to make that purchasing decision.

Mr. Bob Friesen: I think I was buying Canadian oranges when I was there.

Hon. Carol Skelton: Good. I'm glad. I didn't see that.

I'd like to ask each of you, would you prefer guidelines based on 51% of Canadian content instead of the current 51% of total cost, if it goes that way? What percentage would you like to see?

Mr. Bob Friesen: We would like it to be content, absolutely. And we could certainly support a higher percentage of content. That would be our preference.

● (1040)

[Translation]

Mr. Pierre Lemieux: We are in favour of identifying all major Canadian products. I think that we must absolutely promote Canadian products first in order to revitalize the agricultural sector and our domestic production. I think that is key.

[English]

Hon. Carol Skelton: Anything else?

[Translation]

The Chair: Mr. Monty, the floor is yours.

Mr. Robert Monty: You have to understand that by revitalizing the content and not the package, we are sending a clear signal to consumers, who will realize that they can trust the content they are buying.

We have to be clear for consumers. We have to stop raising doubts in their minds, as is the case at present. That is why they are constantly asking questions.

It is said that farm producers are facing a crisis. Have you thought of the jobs that will be created through the labeling of content and the farm revenues that it will generate in our country? That is also something we have to consider.

[English]

The Chair: Richard, you've only got about 20 seconds.

Mr. Richard Doyle: Just make sure we have a distinction. We need to have a very high content, but not too high; 100% is a bit scary. I'll use chocolate milk. We're promoting 100% Canadian milk, but the fact that you use cocoa beans or flavouring to make it chocolate, or bananas in yogourt, doesn't necessarily mean they shouldn't be qualified as a product of Canada. We need to be higher than 51%. It has to be more than cost; it has to be content. I'm just saying leave some room so the flavouring will not necessarily limit the consumers to other products in the processed category.

The Chair: That's a good point.

Time has expired. We're going to go on.

Please go ahead, Madame Thi Lac.

[Translation]

Mrs. Ève-Mary Thaï Thi Lac (Saint-Hyacinthe—Bagot, BQ): Good morning to you all. Thank you for coming this morning to share with us your experience.

I represent the riding of Saint-Hyacinthe—Bagot. It is an agricultural riding: 25% of everything that is produced there is processed. Consequently, 25% of direct and indirect jobs are linked to that activity.

I would like to share some interesting statistics with you. There are eight supermarkets in my riding. As well, there are three specialty public markets exclusively devoted to selling local products. Those markets are growing; they are very popular and profitable. Not a single merchant in those markets is going bankrupt. The markets are very popular because people know that the products are home grown and healthy. In my riding, there is also a very interesting program called "Achats à la ferme", which allows consumers to buy directly off the farm. For instance, you can buy a

How do you explain that many producers of local, home made products are making a very good living and, paradoxically, that local producers who do not have the support of such a network are on the verge of bankruptcy? It is no doubt a question of labeling.

We hear that the designation "Grown in Canada" would be an adequate label for domestic products. In Quebec, people are familiar with the term "Produit du terroir"; it has proven its worth. Consumers are happy to pay a little more for those products. The markets are very popular and appreciated. The people who sale their products there are doing terrific business.

I would like to hear your comments on that. Thank you.

● (1045)

[English]

The Chair: Would anybody like to comment?

Go ahead, Monsieur Lemieux.

[Translation]

Mr. Pierre Lemieux: You raised a major problem. With regard to labeling, if there is one thing that will probably be changed, it is that one.

I talk about producers and consumers coming together. Over the past few years, producers have collaborated with processors to try and reach the markets, the chain stores. However, we have come to realize that the chains have reach monstrous proportions. They are impenetrable. They form such a concentration of capital and purchasing power, all in order to buy at the lowest possible price. In that context, they are simply expanding their profit margin.

What I would have liked is, by way of adequate and mandatory regulations, to establish baselines and then come up with trademarks, labels, such as "Grown in Canada", in order to distinguish our image and products from other farm goods. I hope that consumer associations will support us in the future so that we can have such strategies. To do so, we need laws or regulations.

Governments are there to regulate. Parties can develop strategies according to existing laws or regulations. That being said, the regulations are outdated, dating back 50 to 60 years, and are longer suited to present day trade rules in a globalized market. We really need to have new regulations that will help us develop strategies to bring producers and consumers together and, eventually, have a "Grown in Canada" label to promote our products. If we create mandatory regulations to protect the health of our citizens, then other foreign products respecting those health standards will enter Canada.

Given that, how can we promote Canadian producers? It is with a "Grown in Canada" label or trademark that we will develop and establish ties with consumer associations in order to promote our products. For the same quality, we will be telling people to buy from us first. In my view, that is the strategy of the future that we need, and it is up to you, as the government, to find the way to revitalize the agricultural sector.

The Chair: Thank you.

Please be brief, Mr. Laforge.

Mr. Jacques Laforge: In addition to what Pierre said, I think that the specific markets that should be targeted are the ones which involve a direct relation between the consumer and the producer. In English, this is called market power. On this kind of market, as soon as the producer and the consumer meet face to face, the producer obtains a premium and the consumer is very glad to pay.

This does not happen so easily in regions with a greater production and a smaller population. You have to move further away. This is a very useful tool for farmers on the local markets.

[English]

The Chair: Merci.

We'll go to Mr. Storseth.

Mr. Brian Storseth (Westlock—St. Paul, CPC): Thank you very much, Mr. Chair.

I want to thank everybody for coming today.

As usual on this issue, it was very interesting, with a lot of agreement and understanding on where we're going with some of these things.

I was doing a little bit of reading and research on the act and the regulations regarding basic labelling requirements. It was interesting to read in all the documents that all the information on food labels must be true and not misleading or deceptive. This should be the standard that we, as Canadian consumers, expect and should get out of our labelling process. But it is clearly not what we've been hearing here over the last few meetings, and it's clearly not what we're getting.

I want to get to more of your recommendations, to some of the things you'd like to see done.

Mr. Friesen, I've read a few articles in which you state that it's a big concern to our farmers, because it's tough to compete against production that does not have the same high standards as we have here in Canada. Once again, I agree with your comments on that.

Do you know the exact date when these regulations were changed? Roughly when were these regulations last changed? It's something we've been asking around here.

Mr. Bob Friesen: Do you mean the definition of ...?

Mr. Brian Storseth: Yes.

Mr. Bob Friesen: No, I wouldn't have any idea.

Mr. Brian Storseth: You agree, though, with the statements that have been made in the past that this is costing our producers money.

I support Alberta beef. Before I order steak in any restaurant I go into, I want to know if it's Alberta beef, which intuitively means it would also have to be Canadian beef. Now, it disturbs me that I can go to a restaurant or to my local grocery store and pick up something that says "Canada-approved", or whatever it may say. I presume it would be a Canadian product, only to find out that it comes from China or wherever else, where I may not perceive that there are the same safety standards as our producers have. Nonetheless, I'm not being given the opportunity to support my local producers. So short of taking my lawyer with me to the grocery store, I think we need to have a little bit of common sense added in here.

I'd like to hear from you, Mr. Friesen, in answer to Mr. Lauzon's question. Do you have any idea of the amount of money this has cost Canadian producers? I'd like Ms. Binnie to also answer that for the pork producers.

● (1050)

Mr. Bob Friesen: I certainly agree with you one hundred percent. We haven't done a cost analysis of what this has cost us. We believe that it certainly is a hit on the credibility of our regulatory system. Interestingly enough, we know that consumers have a lot of confidence in a rigorous regulatory system, as shown by what happened to the consumption of beef after our first BSE case. Yet I believe that this is a real hit on the credibility of our regulation.

Perhaps this is a somewhat subjective comment, but we believe that it has cost us opportunities. That's why we think we can have a positive marketing campaign and say "Buy Canadian", because we know the support is already there. Once it's clearly identified, we believe the sale of domestic products is going to increase. That is not even to speak of the fact that many Canadians, apparently—I know this is easy to say on the phone—are also willing to pay a premium for clearly defined Canadian products.

Yes, in that light, I would say it has cost us. But once we get further into the pilot projects and actually get this off the ground, that would be an even better indicator of what it has actually cost us.

Mrs. Mary Ann Binnie: We agree. We haven't actually done an analysis to see what impact not having labelling of Canadian pork in retail has had.

Certainly the situation is very multifactorial, so I wouldn't want to speculate. But we are going out with this "Buy Canadian" campaign, so perhaps we'll see some results then.

Mr. Grant Robertson: I'm not sure how you would even do a study to come up with an exact number, because you're looking at what people haven't bought. It's pretty hard.

It is fair to say that this is what my 13-year-old daughter would call a "no-brainer", that if people think they're buying something from Canada and are actually buying something from somewhere else, a Canadian farmer has lost out. Consumers have gone out there to deliberately purchase that product because it has the word "Canada" on it. That tells them a lot of things—or they think it tells them a lot of things, which is the whole point of this. They think it means good quality, that it's local farmers, meaning Canadian farmers, and that by purchasing that product they're getting a bonus to themselves.

As to how to figure out a dollar figure, I don't know; you'd have to be a lot smarter than I am. But it is clear that if somebody is buying something they think is this product, when it's actually produced by somebody else, Canadians are losing market share, and they have continued to do that over the last number of years.

The Chair: Thank you. Time has expired.

Mr Easter

Hon. Wayne Easter (Malpeque, Lib.): Thank you, Mr. Chair.

I thank everyone for their presentations.

I really dislike having to take 30 seconds to deal with Mr. Lauzon's political malarkey, but it can't be left to stand on the record as if it were true, because it is not.

I'd suggest, Mr. Parliamentary Secretary, that you go back to the debate in the last Parliament on Bill C-27, when we were trying to define the dairy terms. You will find there were two obstacles in defining those dairy terms. One of them was by the name of Mr. Ritz, and the other was by the name of Mr. Anderson. That's all I'll say on the subject, but I don't think the discussion today was the place for that kind of comment.

In any event, we've had a good discussion. It comes down to truth in labelling.

● (1055)

Mr. Brian Storseth: On a point of order, Mr. Chair, I have tried to stay away from the political aspects of this, but since Mr. Easter has to bring it up—and I don't think it is right that he misinterpreted Mr. Lauzon's words—what Mr. Lauzon was actually saying was that the Liberal record on this was like the fish that got away: they almost got it done, but never quite caught it.

The Chair: This is not a point of order, and we are not going to get into political debate. We have witnesses at the table. We're going to try to be respectful to the witnesses who have come forward to the committee to offer their viewpoints and input into this policy discussion. Let's try to keep our comments on the policy.

Hon. Wayne Easter: What I was saying, Mr. Chair, is that we're trying to look at truth in labelling, and I guess we need truth in the record here as well.

In any event, there are some in favour of voluntary labelling and some in favour of mandatory labelling. What is critical in both those regards, whichever way we go—and the reality is that Americans are going forward with COOL, whether we like it or not.... The previous government fought on that issue; the current government has fought hard on that issue. I've been on many delegations to the United States, and they're going ahead with COOL whether we like it or not. That's the reality of the world. If we beat them on a trade challenge, they will still go ahead with it. That is the other reality of the world. So let's put that into perspective.

In terms of the two proposals, voluntary or mandatory, if it's going to work we're going to have to have enforcement. Can you tell me your various positions on what is required for us to have the enforcement for both types of labelling—whichever one we may end up with—to ensure that what is labelled as "Product of Canada", especially in content, is in fact a product of Canada?

Mr. Jacques Laforge: Wayne, that is why in our submission we talk about putting regulations in place and not guidelines. If they want to use "Product of Canada", they'd have to follow those regulations to put "Product of Canada" on the package. If they think that is too onerous, and if the percentage of product they are adding into their mix is higher, from an import standpoint, then we'll give them the latitude to use "Processed in Canada".

We figured out, in talking about labelling over dairy terms and so on, that we don't want processors or industry people coming in here to hitchhike on different things, but we want to have something clear. If it is processed in Canada but not made in Canada, then you have those two definitions. It's up to them to choose where they buy and what they put on the package.

For us, "Product of Canada" involves tremendous hitchhiking that has gotten out of whack. We need to bring back some regulations—and promote them to consumers—that clearly define that if you're going to use that terminology, it's by these regulations.

The Chair: I'll be dropping the gavel in one minute, and I have Mr. Friesen, Mr. Monty, and Mr. Lemieux who want to get in on this.

I'm only going to give you 20 seconds each.

Mr. Friesen.

Mr. Bob Friesen: It would have to be some sort of auditing or oversight, just as there is in the current labelling of "Product of Canada". I'm not sure to what level they check that, but in our initiative there would have to be some oversight or auditing to make sure there was credibility in the process.

[Translation]

Mr. Robert Monty: Just now, I said that I supported mandatory regulations, but regulations are not what I want. Actually, regulations must become much stricter, as I previously explained. I think that I made my position clear on this issue, and everyone knows where I stand.

The Chair: Mr. Lemieux.

Mr. Pierre Lemieux: Labelling must be mandatory, this is where we stand. It is simple and credible. As far as Canada is concerned, basically, it is done on a voluntary basis. Trade-marks are raised to a higher level. This is our opinion, from our point of view.

[English]

The Chair: Thank you very much.

I want to thank all the witnesses for your presentations today. I ask that everybody leave the table as quickly as possible, since the transport committee is coming in right after us.

Mr. Friesen, you talked about your marketing campaign on "Grown in Canada", and I'd ask that you present to the committee

any of your background materials on how much it's going to cost and how you're going to do it through this new organization. I would ask you to submit that as soon as possible. Thank you very much.

With that, the meeting is adjourned.

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