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Mr. James Bezan

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• (0905)

[English]

The Chair (Mr. James Bezan (Selkirk—Interlake, CPC)): I'm going to call this meeting to order. We're continuing with our study on "Product of Canada" labelling.

We're going to welcome to the table John Masswohl, who is no stranger here, from the Canadian Cattleman's Association. He's joined by Lisa Mina from the Beef Information Centre; Mike Dungate from the Chicken Farmers of Canada; Lynne Markell and John Anderson from the Canadian Co-operative Association; and Don Jarvis, president and CEO of the Dairy Processors Association of Canada.

Mr. Masswohl, if you'll kick us off....

Mr. John Masswohl (Director, Governmental and International Relations, Canadian Cattlemen's Association): Thank you.

Thank you for inviting us to appear today to provide the Canadian cattle industry's views on "Product of Canada" labelling.

Indeed, the Canadian Cattlemen's Association, as the only national voice for nearly 90,000 cattle producers, is always pleased to appear before the committee.

With me today is Lisa Mina, the executive director for marketing of the Beef Information Centre. The Beef Information Centre is the market development division of the Canadian Cattlemen's Association, mandated to maximize demand for Canadian beef products in Canada and the United States.

To give some context to our comments that follow, it's important to understand the relative significance of imports and exports within the Canadian cattle and beef marketplace.

Canadian federally and provincially inspected facilities slaughtered approximately 3.4 million head in 2007. All of those, except for 5,053 head—that's 0.15%—were Canadian cattle, so we don't import many cattle for immediate slaughter. On the other hand, we exported over 1.3 million head of cattle to the United States in 2007, about 800,000 of those were for immediate slaughter and about half a million for feeding.

On the beef side of the equation, Canada imported 186,000 tonnes of beef in 2007, about two-thirds of that from the United States, and we exported over 360,000 tonnes, with about 80% of it going into the United States. If you take those numbers and you convert live cattle to beef equivalents and you total all that trade, we figure we're exporting between three and four pounds of beef for every pound we import. This is down from about a 6:1 to 7:1 ratio a few years ago.

With respect to product of origin or country of origin, we have had some opportunity to contemplate country-of-origin labelling initiatives in recent years. In particular, we have taken strong positions with respect to mandatory country-of-origin labelling proposals currently hanging over our heads in the United States. I don't intend to go into that issue in my presentation, but I would note that we have consistently explained to our trading partners that origin labelling is not a food safety measure, and we maintain that view domestically as well.

We do not believe that safety is a function of a food's or an ingredient's origin. Safety is a function of the regulations under which the food is produced, whether those regulations are up to Canadian standards and whether the product complied with the regulations when it was produced. If food regulations in a given country do not meet our Canadian standards, the offending product should not be available for sale in Canada, period. If other countries have appropriate standards, there should be adequate inspections and enforcements to ensure that food is produced in compliance.

We see the issue of "Product of Canada" labelling as distinct from country of origin labelling. Our understanding is that what the committee is examining is not a proposal to create new requirements to label products with their country of origin; rather, we understand the relevant issue before us is to determine what products may be identified and promoted as Canadian. And we would agree with that approach. To be clear, we would not support the creation of any new mandatory labelling requirement. CCA recommends a voluntary labelling approach, employed only when marketers determine that Canadian beef is of value in the marketplace.

Our second criterion is that any labels of promotional material identifying beef as Canadian must be lawful and truthful. We are aware of many instances when imported beef has undergone minimal or no processing in Canada but has been misrepresented as Canadian. When this occurs, the consumer may end up with a substandard experience, thus damaging the reputation of Canadian beef. Under existing law, the Meat Inspection Act, beef that is imported and not processed in Canada must be labelled with its country of origin when sold at retail. If imported beef undergoes some minimal process in Canada, it does not have to be labelled with its origin, but it is not Canadian. We believe that a greater enforcement effort is required to achieve compliance with these existing provisions.

Our third recommendation is that any rule to define what beef may be called Canadian must be consistent with the trade obligations by which we expect other nations to abide. We do not support designating Canadian origin on the basis of a percentage of value-added in Canada. This is an antiquated approach that is no longer meaningful in today's environment of global sourcing of inputs and is not necessarily supported by our trade agreements.

• (0910)

When NAFTA was negotiated in the early 1990s, it was the first comprehensive effort of the governments of Canada and the United States to define the origin of goods made partially or entirely from imported inputs via a specific production activity.

For beef and other meats, the NAFTA rule of origin specifies that the slaughtering of animals to produce meat is a substantial process that results in the meat having the origin of the country where the slaughter occurred. Therefore, we believe that any beef produced in a slaughter facility in Canada should be entitled to bear the "Product of Canada" label, regardless of the birthplace of the animal and without calculating constantly changing production values.

NAFTA also has another category of origin called "wholly obtained and produced". This rule lists a number of activities, including animals born and raised entirely in a country. We believe that beef produced from such animals should be entitled to be voluntarily labelled as "Grown in Canada" should producers and processors be willing to adopt practices enabling them to prove that the product so labelled was indeed entirely born, raised, and processed in Canada. Those who cannot demonstrate a link from Canadian beef to a Canadian farm would nevertheless be entitled to label their beef as "Product of Canada", if they wish to do so and the beef comes from animals slaughtered in Canada.

There are also relevant provisions in the WTO agreement that I will submit in my written comments to the committee, but in the interests of time, I won't read them.

For the remainder of our time, I am going to ask Lisa Mina to describe the Beef Information Centre's efforts to promote Canadian beef in Canada.

Ms. Lisa Mina (Executive Director, Marketing, Beef Information Centre): Thank you, John.

The Beef Information Centre markets Canadian beef in Canada and the United States. To date, our domestic market has always been the largest and most secure market for Canadian beef. In 2006, 64% of Canadian beef was consumed here in Canada, while 29% was exported to the U.S.

Increasing the demand for Canadian beef in Canada is one of our key mandates at BIC, and BIC has been committed, since 2003 specifically, to promoting Canadian beef to the Canadian public and industry partners. These efforts support Canadian consumers' loyalty to Canadian products.

In support of this, we completed a domestic survey of about 1,000 Canadian consumers in 2007. The survey indicated that just over 75% of Canadians considered "Produced in Canada" as either a very important or somewhat important attribute when choosing and

buying meat. BIC fully concurs with CCA's recommendation to support the use of "Canadian" as a voluntary marketing tool.

This concept is not new for the Canadian beef industry. In 2003 we introduced the "Make it Beef" logo, which includes the red maple leaf to promote Canadian beef and some beef products in consumer advertising. For example, key retailers and food service partners have utilized the logo in recognition of Canadian content.

When BIC funding allocations occur, the use of the logo is linked to Canadian content where the supply of beef has been verified. As the Canadian beef industry is market driven, supply changes are dynamic; hence, it is important to maintain voluntary use of the Canadian logo link to content.

At this time, the Canadian beef industry is developing a new brand identity for Canadian beef. To maintain the integrity and value of the new brand logo with trade partners and the Canadian public, a set of specific logo use guidelines will be developed. The guidelines will include how the logo can be used and what it will specifically represent.

In addition to Canadian content, the logo may represent other attributes that build a meaningful value proposition for the respective target markets.

A further recommendation that we have today is to ensure that government has sufficient resources to monitor and enforce product labels. The Standing Committee on Agriculture and Agri-Food's own concern about the misleading nature of the current "Product of Canada" label will not be alleviated by only changing its definition.

Currently there are several laws and regulations that govern the labelling of beef products, including the Meat Inspection Act, the Consumer Packaging and Labelling Act, and the *Meat Hygiene Manual of Procedures*.

Despite the array of labelling regulations, we are aware of the activities of some operators in the industry who misrepresent beef as Canadian.

Another problem that we have identified is that many people incorrectly assume that the Canadian inspection mark signifies Canadian origin. All beef processed in Canada must bear the Canada inspection mark. This symbol means that the product has been inspected—and really nothing more than that. It does not refer to origin, but many consumers are likely under the impression that it does indicate Canadian origin.

In an effort not to mislead consumers, increased investment in effective monitoring and enforcement as well as consumer and trade education should be considered.

To conclude, we are committed to the promotion of Canadian beef products. However, the tools used to achieve this goal should be voluntary, should be consistent with Canada's international trade agreements, and should be meaningful to the Canadian public.

Persons voluntarily labelling beef as Canadian should be held accountable as to the veracity of their claim, and greater education should be undertaken so that both the trade and the public are not misled by the meaning of the inspection of grading marks.

On behalf of Canada's beef producers, we would like to thank the Standing Committee on Agriculture and Agri-Food for giving us the opportunity to comment on behalf of Canada labelling, and we look forward to staying engaged in any future consultations on this important issue.

Thank you.

● (0915)

The Chair: Thank you.

Mr. Dungate.

Mr. Mike Dungate (General Manager, Chicken Farmers of Canada): Thank you, Mr. Chair. Thank you, committee members, for the opportunity to come before you and talk about "Product of Canada" labelling.

I am representing the Chicken Farmers of Canada, which is the national organization that represents Canada's 2,800 chicken farmers. As our board of directors and organization is made up of farmers, processors, further processors, and restaurateurs, the views around our table take into account the major stakeholders in the chicken industry.

CFC also has a mandate for managing supply in Canada, and we would like to take this opportunity to express our thanks and appreciation to all parties for their support for our industry.

The Canadian chicken industry is responsible for around 50,000 jobs and about \$9.5 billion in economic activity. It has been a growing business over the past 30 years. In fact, we reached a milestone in 2007 when we crossed the billion kilogram mark in production. I think that is a pretty significant accomplishment.

We have done this by building the confidence of our consumers and providing them with product that informs them about safety, how we raise product on our farms, and how we process it. We guard that confidence jealously, because without consumer confidence, the consumption of chicken, or of any Canadian product, would plummet.

We are primarily focused on the domestic market. About 94% of what we produce and process is marketed in Canada. This is our primary market, though it doesn't mean we're a closed market. We're the ninth largest importer of chicken in the world, so there is a significant amount of chicken that comes in and plays on the reputation we have established in this marketplace.

Our first concern is that imports should not come in at all if they don't meet our requirements for food safety and the other standards we have. That is the first part of this "Product of Canada" labelling. It doesn't matter what content provisions we come up with here. What we don't want to do is provide product that doesn't meet our standards, that at times gets mislabelled, and that introduces more risk. We are not concerned about the production in other countries. We are concerned about the production in Canada because we are the ones who are marketing the product in Canada.

In respect of consumer views, we have done surveying since 1995. We conduct full omnibus surveys for Chicken Farmers of Canada, and consumers have made it clear that they want to know where their food is coming from. That is a key concern.

I would suggest that this is becoming more of a concern—not just because of food but also because of other import issues, like toys with lead paint on them. It becomes more of a discussion item in the consumer psyche, so we have to be more vigilant in what we do.

It is interesting that over the last decade our surveys have shown that the percentage of Canadians who want to buy Canadian chicken has risen from 70% to 89%. In other words, there is a difference in consumer trust here with respect to Canadian and imported product. That is why it's so important that we get this right. We need to determine exactly what can be labelled "Product of Canada".

One other issue that has been raised is avian influenza. With outbreaks in Asia and concerns about bird-to-human transmission in Asia, there has been a greater awareness of potential impacts. There is now a greater suspicion about imports and more trust in domestically produced product. That's another factor that builds into this.

We bolster that consumer confidence by making sure we deliver on food safety, biosecurity, animal welfare, traceability, and our impact on the environment. We are doing these things to maintain that confidence.

● (0920)

I want to make a distinction between two issues. One is "Grown in Canada" and one is "Product of Canada".

We support the idea of a "Grown in Canada" label, but see that as distinctly separate from "Product of Canada". It is essentially a marketing concept, while with the "Product of Canada", what we're examining here is the truth in labelling and where does the product come from.

We see both as voluntary. If you want to label your product as "Product of Canada", then you have to meet those guidelines. If you want to market it as "Grown in Canada", that is a separate initiative, and if you so choose, that is your decision to do that.

In terms of the "Product of Canada", in our view, the guidelines that currently exist should be changed. It doesn't make sense that food could be labelled as "Product of Canada" and not one part of the food content—call it a packaged food product—is from Canada. In our view, the label should reflect the food and not the packaging. Packaging and advertising, therefore, should not be included in the equation to determine what is a product of Canada and if it meets Canadian content requirements. In fact, if companies are trying to meet the Canadian content requirement by putting in additional packaging, maybe we'll help the environment by taking packaging out of the equation.

In terms of how you would label products and call them products of Canada, our view is that it's important that the essential character of the product being purchased is Canadian. That is the term we have used: "essential character". For example, when a consumer buys a Canadian chicken cordon bleu product, which is a stuffed chicken with some ham and some cheese inside it, the consumer would expect, at a minimum, that the chicken is Canadian. They are buying chicken cordon bleu. However, when a consumer purchases a Canadian lasagna with chicken meat, the consumer is not necessarily expecting that the chicken is Canadian. They're buying a lasagna and they're expecting, I would suggest, that the product is being processed in Canada and put together, that you are making the lasagna in Canada. So we need to look at what the essential character is. A pizza would be different from a boneless piece of breast meat. It is the essential character that is important.

We've tried to come up with an idea for how you could break down this essential character. In our view, we put forward the proposition that a single ingredient meat product—that would be chapter 2, "Meat" in the harmonized tariff system—would have to be 100% Canadian in terms of production and processing.

You need to understand that in the chicken business, our birds are not travelling from one farm to another. They don't have a long life span, and therefore it is going from one farm into one processing plant. So if you have one piece of meat—and you can't really stick two pieces of meat together, it has to be one whole piece of meat—our view is that that should be produced and processed in Canada. At the same time, a majority of the food value, whether or not you call it the production and processing value, must be Canadian.

If you have a meat product containing more than 20% meat, that is chapter 16 in the harmonized tariff system. Our view is that because you are buying a meat product at that point—this is the essential character—a majority of the food value and a majority of the chicken value would have to be Canadian.

Any products outside of that, with less than 20% meat content—in chapters 18, 19, 20, or 21 of the harmonized system—would only need to have a majority of food content to be labelled Canadian. There is no longer an essential character of those products that chicken or meat is the essential product.

We support as well what Lisa was saying in terms of communication and education absolutely. If we are going to make changes here, it is not going to be enough only to make the changes. There needs to be an education component to this. We need to get out there and add an enforcement aspect.

• (0925)

To conclude, Mr. Chairman, these are the recommendations of the Chicken Farmers of Canada.

A "Product of Canada" labelling requirement would be that imported foods must be subject to the same standards at the outset; they don't get in if they're not.

Packaging and advertising should not be part of the claim in determining what "Product of Canada" is. The essential character of the product would be the dictating point in what portion would have to be Canadian.

And there must be a positive, pro-Canadian, not anti-import communications strategy that is tied with that.

Thank you very much. I'm prepared to answer any questions you may have.

The Chair: Thank you.

Mr. Anderson.

Mr. John Anderson (Director, Government Affairs and Public Policy, Canadian Co-operative Association): Thank you very much.

My name is John Anderson. I'm the director of government affairs and public policy for the Canadian Co-operative Association. The Canadian Co-operative Association is a national association for cooperatives. We represent more than 9 million cooperative and credit union memberships from over 2,000 cooperative organizations across Canada.

Our members operate in many sectors of the economy, but for today's topic we represent the large retail co-ops that sell foods and agrifood supplies, such as Federated Co-operatives, United Farmers of Alberta, GROWMARK, and Co-op Atlantic, as well as some of the large dairy co-ops, such as Gay Lea Foods, Scotsburn, and Northumberland.

There are many food-oriented co-ops that either market, process, or retail food. The organic food sector is growing rapidly, as are local food initiatives that promote and support growing, processing, and selling food within the same geographical region.

Our agricultural co-op development initiative, which we jointly manage with our francophone sister organization, the Conseil canadien de la coopération, is helping new value-added agricultural co-ops to get started. Currently we are helping co-ops involved in meat processing, blueberries, apples, specialty cheeses, and organic grains and pulses, as well as farmers' markets.

The current regime for labelling food products is confusing and inaccurate. We are pleased that this government is committed to reviewing current policies related to voluntary "Made in Canada" or "Product of Canada" claims and that this committee is conducting this study. The confusion in food labelling is hurting our Canadian farmers, and it misleads consumers.

While you all have used your own personal examples of food products that you find confusing, we would like to present a co-op example. I have it right here. Bee Maid Honey is the brand name for honey produced by the honey co-ops of western Canada. It's owned by 2,000 beekeepers. There is no other honey company in Canada that sources all of its honey from its owners.

There are two brands of honey on the grocery shelves. Bee Maid is 100% Canadian honey, while Billy Bee contains a blend of Canadian and Argentinian honey. In this example, the confusion is not created by the use of "Product of Canada", because Billy Bee does not use "Product of Canada" on the label. But it does imply that it is a Canadian product by saying "Canada's favourite honey", and the use of the grading designation, "Canada No. 1 White", on the front of the label.

When consumers see “Canada No. 1”, they think it's Canadian honey, while the regulations relating to Canadian honey say that “Canada No. 1” can be either 100% Canadian honey or repackaged and graded imported honey. According to Bee Maid, the use of Canada in the grade name, and the requirement that it be on the front of the label while the country of origin of the honey can be on the back of the label, leads to a loss of sales and confusion in the marketplace.

There are many reasons to address proper food labelling and many factors to be taken into consideration. The first key issue is Canadian confidence in the food we buy. A study commissioned by the Canadian Food Inspection Agency recently to understand how Canadians view the safety of Canada's food supply revealed an anxiety about the “Made in Canada” label and general frustration and mistrust about food labelling in general. Their report said that the “Made in Canada” label had low credibility. It was questioned because it was thought to guarantee nothing and was worrisome to consumers. This is a Government of Canada report.

Connected to this is consumers' demand for Canadian food. The same CFIA study, which undertook focus groups in November 2007, reported low confidence in imported food. Participants were concerned that some imported foods were more likely to contain higher levels of pesticides and were less safe than domestically produced food. As a result, more Canadians are actively looking for Canadian products and want to know the origins of the ingredients in their food.

A third issue is the sustainability of the Canadian agricultural industry. Accurate labelling of Canadian-grown food will help the farmers who produce it. We believe that proper labelling that shows the source of the food will encourage food processors to buy more Canadian ingredients, thereby increasing farmers' incomes. If proper labelling leads to increased demand for Canadian food, this could help our food processing industry and create more jobs.

The last reason is to reduce the environmental impact of transporting goods from other countries. The long-range transportation of food has a significant impact on climate change and the amount of air pollutants released in the atmosphere. In Canada, the transportation sector accounts for one-quarter of Canada's greenhouse gas emissions. Also, as the distance food travels increases, so does the role of chemicals and the use of irradiation and processing to reduce spoilage before the food reaches the marketplace.

● (0930)

As a multi-sectoral association, we're not specialists in food labelling, so our recommendations to this committee are general. We believe the exact details of the revised food labelling regulations must be worked out in consultation with the major stakeholders.

Here are our major recommendations.

We recommend that the federal government create a system of labelling country of origin for the major ingredients or raw materials used in all processed foods sold in Canada. This will give consumers the information they require to make informed buying decisions.

We recommend that the federal government develop regulations for the use of a “Product of Canada” label, with a minimum percentage of the ingredients or raw materials from Canadian

sources. We recommend the “Product of Canada” label refer to the content of the food rather than the costs of packaging or manufacturing.

We recommend that the federal government revise the grading system used for food products so that only products that meet “Product of Canada” criteria can use “Canada” in their grade name. So using examples of honey products, if a criterion for “Product of Canada” is 80% Canadian raw ingredients, then the Billy Bee blended honey would have to have 80% Canadian and 20% Argentinian before it could say “Canada No. 1”. Otherwise, it would simply say “No. 1”.

We recommend that the federal government undertake an educational campaign to inform Canadian consumers about the content of food labels and encourage Canadians to buy Canadian food products.

We recommend that the federal government broaden its activities and programs beyond the labelling issue in the following ways.

Develop a strategy for domestic food sustainability, ensuring that we grow and process more of our food needs within Canada. The growing costs of transportation, world food shortages, and consumer demands for safe food require the federal government to take some long-term action. This can be done within the *Growing Forward* agricultural policy framework or as a horizontal initiative involving federal departments.

Stimulate and support more food processing in Canada by bringing together producers and manufacturers to communicate needs and opportunities and continue the work being done by value chains.

Provide support to local food initiatives and food systems that create ways for consumers, community organizations, and farmers to work together to ensure more locally produced food.

Continue the funding with the agricultural cooperative development initiative, the AgCDI, which provides advisory services, learning opportunities, and capacity building for emerging value-added agricultural co-ops. This program ends in March 2009 and could continue to help more co-ops get started.

Thank you very much for the opportunity to present our position.

● (0935)

The Chair: Thank you, Mr. Anderson.

Mr. Jarvis, you can bring your comments now.

Mr. Don Jarvis (President and Chief Executive Officer, Dairy Processors Association of Canada): Thank you, Mr. Chairman.

I will respect the patience of the committee members, and I'll certainly stick to eight or nine minutes with my introductory remarks.

Mr. Chairman and committee members, the dairy processors welcome the opportunity of assisting your committee in its study of "Product of Canada" labelling. Our members support the objective of ensuring Canadian consumers get as much information as is practical on their food labels and that only foods, including dairy products, that are of Canadian origin should carry "Product of Canada" declarations.

Here's a little bit about the Canadian dairy processing sector. After the meat industry, we are the second largest employer in the food processing industry, with about 26,000 employees. There are almost 300 federally registered plants across Canada producing fluid milk, cheese, yogourt, ice cream, sour cream, and other standardized and non-standardized dairy products.

DPAC's members include Saputo, a public company; Agropur, the largest cooperative in the country; and Parmalat, an international company with a very successful Canadian operation. These three companies process 75% of all the milk produced in the country. Our other members include Gay Lea, a large Ontario-based co-op; Kraft Canada; the major Atlantic provinces co-ops, Scotsburn and Farmers; ice cream manufacturers like Unilever Good Humor; the two major yogourt manufacturers, Danone and Ultima; and other domestic and international cheese manufacturers.

Together these businesses take just over \$4 billion worth of milk produced by Canada's dairy farmers and transform that milk into dairy products worth in excess of \$12 billion in the Canadian market. Our customers include, of course, all the major retail, food service, industrial, and further food processors across Canada.

Mr. Chair and committee members, when it comes to the "Product of Canada" designation on dairy products, the dairy product regulations are very clear, and there are very detailed information requirements regarding the ingredients, the place of manufacture, and other information prescribed for all Canadian dairy products. The Canadian dairy processing industry goes to great lengths to display that information on its labels. Let me very briefly describe those requirements:

...every prepackaged dairy product shall be labelled on the principal display panel of the container—

—that's the front of the label—

—with (a) the common name of the dairy product; (b) a declaration of the process of manufacture shown in close proximity to the common name...; (c) a declaration of net contents as required by the Consumer Packaging and Labelling Regulations; (d) a percentage declaration of moisture and milk fat in cheddar cheese; (e) a percentage declaration of milk fat in the case of partly skimmed milk powder, dairy spread, and calorie-reduced butter; (f) a percentage declaration of skim milk powder and whey powder in the case of blended skim milk and whey powder and blended whey and skim milk powder; (g) a statement as to the source of the milk—

—what the dairy product consists of and whether it came from a cow, a ewe, or a goat.

There are four or five specifications required on the front panel of every Canadian dairy product, and

(k) the words "Product of" followed by the name of the country of origin, in the case of cheddar cheese prepackaged in Canada from imported bulk.

On the other part of the label, not the principal display panel or the front of the package:

...every prepackaged dairy product shall be labelled on any other surface, other than the bottom of the container, with (a) the list of ingredients and components—

—according to the food and drug regulations and the dairy product regulations—

...(b) the durable life date and instructions for proper storage of the dairy product...; (c) the words "Product of" followed by the name of the country of origin in the case of an imported dairy product; and (d) the words "Product of Canada" when packed for export from Canada.

...every prepackaged dairy product shall be labelled on any surface of the container....

● (0940)

There's another list of very prescriptive requirements: the registration number, for example, the establishment, where the dairy product was prepared; and the registration number of the establishment in which the dairy product was prepared, with some other specifications, plus a batch number, code number, and lot number identifying exactly the production of that product.

Finally, it reads:

The labelling requirements of this section do not apply in respect of prepackaged individual portions of dairy products that are for sale from automatic vending machines or mobile canteens, or that are served by a restaurant or other commercial enterprise [...].

As you can see, dairy products in Canada provide an immense amount of information already to the consumer. As well, DPAC and its members believe that when it comes to dairy products and the misuse of "Product of Canada" statements and labels, or in advertising, this is already covered by subsection 5(1) of the Food and Drugs Act, and that Bill C-51, which is before the House now, and the changes there clarify and strengthen that important legislation—especially since the word "origin" has been added.

In conclusion, we agree with this study and its objectives and the need to perhaps clarify the guidelines that will ensure consistency of use of "Product of Canada" statements across all food products.

Those are my introductory remarks. Thank you, Mr. Chairman.

The Chair: Thank you, Mr. Jarvis.

With that, we're going to go to seven-minute rounds, and I'm going to hold everybody to seven minutes.

Mr. Easter, you're going to kick us off.

Hon. Wayne Easter (Malpeque, Lib.): Thank you, Mr. Chair, and thank you, folks, for coming.

I guess, Don, my first question is to you. I never really thought of it before, but when you go into a grocery store—not a place I spent a lot of time until we started this—it is a lot clearer on the dairy products end. You can tell where the product comes from.

I took three pieces of pork tenderloin before committee the other day. Two of them were labelled properly and one wasn't, which comes to the enforcement issue.

I guess in terms of the dairy industry mainly, do you see any implications for your industry in our making changes to the "Product of Canada" statements? I take it not.

Mr. Don Jarvis: No, not really. I think the concerns are more oriented to other commodity groups—the horticultural area and so on—and there is not abuse or misuse or confusion when it comes to dairy products, either by the suppliers or at the consumer level.

My only comment, though, is that of course for any changes, you have to be careful with respect to the voluntary nature of the change, in terms of what you make mandatory versus what's voluntary in terms of "Product of Canada" labelling.

Hon. Wayne Easter: Yes. I guess we'll see as we go down this road. Given country-of-origin labelling—COOL—in the United States and our concern about that, I don't believe we're looking at going in that direction. What we're really looking at is truth in labelling, and as others have said, the "Grown in Canada" voluntary label would also be another option or an addition.

To the Canadian Co-operative Association, I think you did put your finger on a problem, and that is, regardless of what we do on "Product of Canada" labelling.... I think what we're trying to get to is that we're actually dealing with the product and the package, and Mike's comments are well taken on that.

On a grade label, do you have any suggestions about what can be done there? I think people will want to know if it's "Canada No. 1" or "Canada grade". I will admit it's absolutely confusing. When you look at that Canada label, you assume in your head that it is a Canadian product, to a certain extent, and that it's not a grade label. Have you any suggestions in that area to make it less confusing?

I think you said "No. 1", but—

● (0945)

Mr. John Anderson: I think we have to separate the "Canada" from the grading. There has to obviously be a grading system. It's very important, but allowing products that are not from Canada to have the "Canada No. 1" label on there.... We propose just "No. 1". It could be some other form of labelling, as long as it differentiates products that are made in Canada from Canadian processed and grown ingredients.

I think that's essential, to separate those two, and to have a grading system that doesn't imply that it is made in Canada from Canadian-produced ingredients. We're not experts in labelling, but there are different ways of doing that.

Hon. Wayne Easter: Don certainly pointed out that there is, I guess, considerable variance in what's allowed on the front of the label and what's allowed on the back of the package. Is that a possibility of a way to go?

Mr. John Anderson: Yes, definitely.

Lynne, did you want to answer that?

Mrs. Lynne Markell (Advisor, Government Affairs and Public Policy, Canadian Co-operative Association): I think in the past grades were even more important, but it may be that the way consumers are looking at labels today, whether something is grade one or two doesn't have as much importance. I know the higher requirements require that the grade be on the front. It may be that we need to have grade, but the grade could also be on the back so that it could be less confusing.

So it's two things: where it is on the label and when you add "Canada". Our suggestion is that we say "Canada No. 1", or whatever, when it is truly a Canadian product, to link the two together.

Hon. Wayne Easter: Thank you.

I have a question for John on beef supplementals. We hear a lot, and we get a lot of requests to not allow supplementals. I don't think supplementals are coming in currently or have been over and above the threshold since rBST. What's your comment on that, just so we're clear?

Mr. John Masswohl: My understanding is that since 2003, only two supplemental import permit requests were approved. I think both of them were in 2004-05 and they were for very small quantities. I think it was about a half a tonne.

Hon. Wayne Easter: I don't think either of you really said you were in favour of or opposed to making changes to the "Product of Canada" definition. Is the beef industry onside with changing the "Product of Canada" definition along the lines that we think we're looking at it?

Mr. John Masswohl: I think so. I think what we tried to express is that we do not favour a definition based on a percentage of value.

I can give you an example. If you're producing, say, 1,000 tonnes of ground beef and it has perhaps 800 pounds of imported meat and maybe 200 pounds of Canadian trim, the imported meat is 10¢ a pound and the Canadian trim is 40¢ a pound; yet in the Canadian expenses you can have a product that's 80% imported meat but 60% Canadian by value. In fact, the cheaper the imported material, the easier it is to meet that standard.

So we think—probably very similar to what Mike said—it's the process of what it is, the substantial process. If you're taking an imported animal, an imported cow, and converting that into beef, we think that's substantial. If you're doing a lot of processing and changing the essential character, we think that's how the rules should be qualified.

● (0950)

The Chair: Your time has expired. Time flies when you're having fun.

Monsieur Bellavance.

[Translation]

Mr. André Bellavance (Richmond—Arthabaska, BQ): Thank you.

Mr. Masswohl, you raised a very interesting point. In your remarks, you said that imported beef was still being used in mixtures and that the final product could nevertheless be labeled "Canada". What surprises me is that you are still suggesting—and the same is true for the poultry producers and Mr. Dungate—that the standard not be mandatory.

While you condemn the use of the "Canada" label on products which, in many cases, are not very Canadian in reality, you say that the industry should be given the leeway to put a "Grown in Canada" label on its products or not. In passing, we are still discussing what should be used: "Product of Canada" or "Grown in Canada".

I am surprised. In Quebec, producers' associations seem to be unanimous that the standard must be mandatory. If you open the door to the possibility of using the label or not, once again, consumers will probably be lost. They may well be confused by the label on a product, not to mention that there are also categories like "Canada A1", etc.

I wonder what advantage there is to having a standard that is not mandatory. In whose interest would it be to not write "Grown in Canada" when the product is grown in Canada? When it is not, the label should indicate that the food was grown elsewhere. I would like you to explain your position to me. I feel there's a contradiction.

Mr. Dungate, I would also like to know your views on that.

[English]

Mr. John Masswohl: In the context I tried to present at the beginning, most of the beef in Canada is Canadian beef, and most of it comes from cattle that are produced in Canada.

What we wanted to establish were two levels: "Product of Canada" and "Grown in Canada". Each of these requires some trace-backs and some costs. That's why we think everything that comes out of a Canadian packing plant—and over 99.8% of it will be Canadian, all the way back—should be labelled "Product of Canada". If somebody wants to go to the extra expense of identifying which animals were born in Canada and make that connection all the way back to the farm—the real trick, once you get into the packing plant, is identifying all the different pieces of the animal that go in different directions and down different production lines—we're certainly in favour of allowing that to be labelled "Grown in Canada". But ultimately, as soon as you start making things mandatory, you lose the value. If there is a marketing advantage in the marketplace, you lose that value by making it mandatory.

The other thing we're cognizant of, which may be different from the dairy industry or the supply managed industries, is that we have to compete in an open market environment. We have to compete against imported products. We do export about 60% of our production, and we compete in the global marketplace. We accept that opportunity to compete, so we don't want to create mandatory regulations that add costs.

I think where most of the confusion comes in is in what things like.... I have a picture of the Canada inspection mark. Any meat that is processed in Canada has to have this mark on it to be sold. Basically it's just a circle with a crown and the word "Canada" in it. If meat comes from South America and is processed, it has to have that mark on it. So I think where we'd like to put a lot of effort is in communicating what this mark means, or maybe even looking at changing the mark itself so that what it means is a little clearer.

[Translation]

Mr. André Bellavance: Mr. Dungate, could you tell us why you are not in favour of a mandatory standard for labelling?

Mr. Mike Dungate: Our concern centres more on the fact that imported products can be labelled as products of Canada. In our view, the consumer is not interested in knowing exactly what country a product comes from, but in being able to distinguish between a product of Canada and an imported product.

If it is voluntary, it is possible to use the "Product of Canada" label. We want it to be mandatory to meet all of the requirements in order to use "Product of Canada" on a label. That is what is mandatory. It is not mandatory to say that the product is imported from a certain country.

Is that clear?

● (0955)

Mr. André Bellavance: Yes, but if the standard is not mandatory, what are you going to put on the label? A government cannot adopt standards that, once again, leave the door open to vague labelling. That is my concern.

Mr. Mike Dungate: I'm going to think about that. I had not thought about that, that there is a difference between the two. But there is no doubt that it is necessary for us to ensure that a product labelled "Product of Canada" truly is a product of Canada.

Mr. André Bellavance: Mr. Anderson, is your organization in favour of a mandatory standard?

Mr. John Anderson: We have not taken a position on the issue, because some of our members favour a voluntary method, whereas others are more in favour of something formal.

I agree with Mr. Dungate that what is most important is ensuring that "Product of Canada" means something very clear. At present, that is not the case. What we are urging the committee to do is to clarify that. At present, cooperatives that are producing products of Canada have no guarantees that they will be able to market their products to consumers who know that it is a product that is entirely made in Canada, because their products are competing with other products labelled not only with their origin, but also with labels such as "Canada No. 1", etc.

I think that is the first thing that needs to be clarified. The other issues are also important. I also think that it depends on the various industries. This important issue also affects products such as dairy products, beef products, and so on, as to whether they are what they claim to be.

[English]

The Chair: Mr. Miller, you're up.

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

Thanks to all the witnesses for being here today. This is an issue in which I've been very interested and have been working on through local farm groups and what have you since the late seventies. I've always thought we needed more truth in labelling. Finally, I think we're on the road to something.

John, I want to carry on with the discussion Mr. Easter was having with you. I just want to be clear on the cattlemen's position. You were talking about mixing the cheaper American product that comes in. Basically you have 80% of what have you, but if Canadian product were more....

I just want to understand if at the end of the day the cattlemen are in favour of having the content be Canadian—regardless of the dollar value—in order to be called a product of Canada. Is that a fair assessment?

Mr. John Masswohl: Right. If you're going to call it Canadian, it has to be Canadian.

Mr. Larry Miller: Yes. Are you basically saying, for the sake of argument, that as long as a majority of content is...so 51% or more?

Mr. John Masswohl: I'm not sure if you mean a percentage of value.

Mr. Larry Miller: No, I mean a percentage of product.

Mr. John Masswohl: I don't even mean a percentage. In the example I used, when you have ground beef that has imported ground beef, it's not Canadian, so it can't be called Canadian, period. That's what we'd be saying on that.

I think probably in this room—and I don't think anybody has mentioned it—there's room for a “Processed in Canada” designation, if you want to go down that route as well. We're saying, first of all, if you're going to label, it's voluntary. But if you do choose to label something as Canadian, it had better be Canadian, and we need to know what the standard is for it to be called Canadian.

• (1000)

Mr. Larry Miller: You're saying that it needs to be totally Canadian.

Mr. John Masswohl: It needs to have become beef in Canada.

Mr. Larry Miller: I'm not sure I understand.

Mr. John Masswohl: I'm making a distinction between cattle and beef.

Mr. Larry Miller: Are you saying that it should be totally Canadian beef?

Mr. John Masswohl: If you're talking about raw beef, which is in chapter 2 of the tariff, it has to be totally Canadian beef, not necessarily from Canadian cattle but Canadian beef.

Mr. Larry Miller: Okay. We'll move on to the other issue, which is voluntary versus mandatory. André just talked about it. While I do have some sympathy toward mandatory labelling, I think under what's being talked about, it would be very irresponsible of Canadian organizations or producers not to want to label and be proud of their product, so I think the thing will take care of itself.

At the same time, I know people like me—and I'm sure like André and other people—are going to be monitoring the situation to make sure that things are going as planned. Under voluntary labelling, I think it will probably look after itself. In essence, what you should have, for the most part, is that anything that isn't labelled won't be grown in Canada or be a product of Canada. People should be able to decipher that, as long as we educate the public to it.

Mr. Anderson, you talked about having one label on the front—and I believe it was “Product of Canada”, or whatever, on the front—and then country of origin on the back, which causes confusion. One consumer might look at the front, not the back, or vice versa. In that case, is there not some way that the label could simply be done to cover both? Do you have any comments on that?

Mr. John Anderson: I think right now it is definitely a source of confusion, but the question is how you fix it. I think there are different ways of doing it, as long as the public is educated as to what those different labels mean. It must be clear to us that a “Product of Canada” label has to mean that the majority—and we're not saying how much, but certainly more than the 50% of the content of that product—has to be Canadian. That has to be clear for people. There has to be an education campaign around that to make clear what it means.

There may be many products of which the majority of content is Canadian. There may be some imported ingredients, and that's okay as long as people know that the main ingredients determining the product—and not the pepper that's put in it or something—are Canadian. That has to be prominent, so that when the consumer goes to buy that product, they can trust that it is a Canadian product when they see it on the front label.

If there are more clarifications that have to be delivered to the consumer, they could be on the back label.

Mr. Larry Miller: Okay.

You just touched on something that Mike touched on earlier, which is that consumers today want to know where their food comes from. We all know the problems and the crisis in the livestock sector right now, and urbanites in my riding want to support agriculture. What I hear out there is that the only way they see of doing it—or at least one of the obvious ways, as they say to me all the time—is that if you tell them or show them that the product is being produced in Canada, they'll dang well buy it. I'm hearing that loud and clear, and I believe it. I think our consumers today want to do that, and that's why I think this is very important.

Mike, you talked about “Product of Canada” and “Grown in Canada” a little bit more. You touched on a 20% figure under chapter 16, and then you talked about chapters 18, 19, and 20. Could you talk a little further about that, if you wouldn't mind?

Mr. Mike Dungate: For us it was coming back to the essential character of the product. If you walk down a grocery aisle, frankly, the challenge for us in the meat industry overall is that even if it's a packaged product, most of it is sold by the meat and then the add-ons that go into it.

Certainly when you've got a product that is primarily meat.... That's what chapter 16 says. It says there's a significant portion that's being sold because it's a meat product, not because it's a pizza or an egg roll that's got chicken or beef in it or a taco that's got something in it. Those are the ones in chapters 18, 19, 20, and 21. Those are food preparations, and for us, you just need a majority value content in that area.

But if you're selling the chicken part or the beef part or whatever in a meat product, then our sense is that you have to have a majority of not only the total value of the product but also of that meat content in there. It's like a double hurdle.

•(1005)

The Chair: Thank you.

I know Alex had to take off to the House. He's going to be coming back, and we'll fit him in with a seven-minute round when he comes back to committee, if members are okay with that.

We'll continue with the five-minute round.

Please go ahead, Mr. St. Amand.

Mr. Lloyd St. Amand (Brant, Lib.): Thank you very much, Mr. Chair, and thanks to all of you for coming and presenting to us this morning.

Mr. Dungate, in your written presentation I don't think it's a typographical error in the last paragraph on page 1, where it says, "CFIA continues to pursue veterinary agreements". That's not to be "voluntary" agreements, I take it. What are veterinary agreements, may I ask?

Mr. Mike Dungate: Veterinary agreements are the means by which CFIA approves the inspection regime in another country and that country approves our inspection regime.

Our only issue there is that we don't get consulted in terms of what countries and what processes are going on, and what the risk assessment is in those countries. As we go through on farm food safety in Canada and people want more and more to know what farm practices are, whether from an animal welfare perspective or from a food safety perspective, and as we go out and approve, really, what are not systems in other countries—

Mr. Lloyd St. Amand: I get the flavour of it. Okay.

I will ask this question to any of you. Obviously Canada wants to be and should be a leader with respect to the whole labelling issue. For what it's worth, relative to other countries, and particularly European countries, do you know how accurate our current labelling is with respect to what is done in Norway, Sweden, etc.? Do any of you have a handle on that?

Okay.

Mr. Jarvis, I'll ask you about Canadian labelling. You talked about the current labelling. You gave an example about cheddar cheese, and you agree that something needs to be done, so you agree with the committee studying this entire issue. In terms of what you proposed or suggested, have you a concern that what is being proposed would be too extensive by way of labelling, that there would be too much information on the packaging? Do you have any concern about that?

Mr. Don Jarvis: I constructed my opening remarks to make the point that when it comes to food products generally in Canada and the current labeling requirements for all food products, there are already very significant and extensive information requirements. Then I described the specific requirements for dairy products, which are probably even more intensive and prescriptive than for general food products. That's the point I was trying to make. I was just

cautioning the committee and the government that when you look at further specificity, further prescriptive requirements, you have to be very careful because there's already an incredible amount of information on food labels.

Secondly, the consumer is looking for lots of information, but every consumer is looking for a basket of information, not just specifically.... Perhaps they're looking for the nutrient content. We now have a very large requirement for a nutrition labeling panel on the back, so you've got to have room on the label for that. And you have to prioritize what the consumer is really looking for. The manufacturer or processor of any food product, especially a dairy product, wants to describe the benefits of this product and go beyond just the mandated regulatory requirements that you already see, for example, in dairy products. There is other information the consumer is interested in. They're interested in recipes and how to use the product. You don't see as many recipes on products any more because there is less space on many food products for those recipes.

•(1010)

Mr. Lloyd St. Amand: I take it you would agree that amidst everything else the consumer wants to know, he or she absolutely wants to know where the item has come from. Is that not number one?

Mr. Don Jarvis: Yes. And as I tried to explain in my opening remarks, if it's an imported dairy product, it's clearly designated where it's from: it's a product of France, Italy, or the U.S.A. It's very clear that it's imported.

The Chair: Ms. Skelton, you're up.

Hon. Carol Skelton (Saskatoon—Rosetown—Biggar, CPC): I have a bunch of questions.

The Chair: You only have five minutes.

Hon. Carol Skelton: Mr. Jarvis, you mentioned Bill C-51. I didn't hear exactly what you said about it. You felt that there were some new regulations that were going to be helpful in Bill C-51, the new health bill. Is that correct, or did I hear you wrong?

Mr. Don Jarvis: I gave the current reference to the Food and Drugs Act and the regulations. With Bill C-51, there's been a significant addition to subsection 5(1) of the act. I think it's been purposely put there to address some of the concerns you're focused on currently at the committee level. It says:

No person shall manufacture, process, label, package, sell, import for sale or advertise a food in a manner that is false, misleading or deceptive or is likely to create an erroneous impression regarding its character, value, quantity, composition, merit, safety or origin.

I think "origin" has been added to the act.

Hon. Carol Skelton: Good.

You have the Canada mark for the meat there. When you process your chicken, you don't have to use...?

Mr. Mike Dungate: It's exactly the same. It comes under the meat inspection regulations. John has one for an importer. If it's actually going through a plant, you'll usually see an establishment number on the bottom part.

Hon. Carol Skelton: On the bottom it looks exactly the same.

Mr. Mike Dungate: That's how you know where it's from. But then you have to search on the CFIA website. Those of us in the industry can find it pretty quickly, but I don't think a consumer can necessarily go through and find where it's coming from based on that.

Hon. Carol Skelton: That was the other thing.

I didn't look to see if the dairy label has that same mark on it.

Mr. Don Jarvis: No. As I mentioned, the number of the dairy establishment has to be on the package label.

We just looked at dairy products, for example, and there's a vast range of dairy products in the dairy case right now. It's quite noticeable that website addresses and 1-800 lines to the manufacturer have been added to many of our products. Those numbers are manned 24 hours a day. If a consumer has specific questions about that product, it's very easy to contact those companies and get more information. But there's only so much space available on a label.

Hon. Carol Skelton: I understand that, and it's very interesting.

I like the traceability within the poultry industry. You've been working on that for many years. That's something that some of our cattle producers aren't going into as easily, in some ways. But I really appreciate that, and I think the poultry industry has done a great job of it.

John, when you said, "not Canadian cattle, but must be Canadian beef", would you go a little further on that, please?

•(1015)

Mr. John Masswohl: We view everything in terms of regulations we have in Canada. Do we want to face those same regulations in other countries? As I said, we export about 1.3 million head of cattle into the U.S. per year. In 2007 we imported just over 5,000 head. In 2006 we imported just over 7,000 head. The number of cattle we import into Canada is minuscule. Almost all the beef coming out of the Canadian packing plants comes from Canadian-born animals. So I guess the question is, where is the cost benefit in that?

Hon. Carol Skelton: Okay. I wanted you to clarify that because a lot of people don't understand that, and I think that's the whole thing.

Mr. Chair, we weren't given the CFIA study of 2007 in our package, were we? Mr. Anderson mentioned the CFIA study of 2007, the "Made in Canada" label. Is that correct?

The Chair: I don't think we've circulated that.

Mr. John Anderson: Yes.

Hon. Carol Skelton: May we have that, please? I would like to see it.

The Chair: We'll make sure we get that circulated.

Hon. Carol Skelton: Mr. Anderson, you talked about the revised system of grading. Would you go a little further on that, too?

Mr. John Anderson: At the present time, the grading system is confusing. First of all, there is the word "Canada" in it, and it's obligatory to put that on the front of labels of many products. Therefore, it becomes confused with the origin of the product. Many consumers are not educated to distinguish between the "Product of Canada" and "Canada No. 1" labels, etc.

I think there has to be a distinction between the "Product of Canada" labelling and the grading system, so that it's very clear that the grading system is a grading system for quality, for health reasons, etc. That still should be there. But it shouldn't be connected with the origin of the product. And if we're going to use "Canada" in a labelling system, then we believe it has to be connected to a product that is Canadian.

The Chair: Thank you. Time has expired.

Mr. Atamanenko is back at the table, so we're going back to allow him his seven minutes.

Mr. Alex Atamanenko (British Columbia Southern Interior, NDP): Thank you very much. I'm sorry for my absence. I had to take a private member's bill on water, of all things.

I have a question, mainly for John, but also for Lisa, for you folks. Under NAFTA, the origin of slaughter equals "Product of Canada". Am I right? If it's slaughtered in Canada, then right now it's called "Product of Canada". Is that correct?

Mr. John Masswohl: The rules of origin in NAFTA are based on tariff change. A live animal is classified in chapter 1 of the tariff; raw meat is classified in chapter 2 of the tariff. NAFTA says if you change the chapter from an imported animal into beef, then the beef has the origin of the country where that transformation took place.

Mr. Alex Atamanenko: So up until now, I guess, if Canadian beef were slaughtered somewhere in the United States, then it would bear the "Product of U.S." label.

Mr. John Masswohl: And that's our argument under the U.S. COOL and why we believe U.S. COOL violates NAFTA. We say that if a Canadian animal is slaughtered in the United States, that's U.S. beef.

Mr. Alex Atamanenko: So now, of course, COOL is changing all that. They want to change all that.

Mr. John Masswohl: That is the proposal right now, and that's why we believe COOL violates NAFTA.

Mr. Alex Atamanenko: So what can we do if they do that? Should we be doing something similar here, or not?

Mr. John Masswohl: I don't think the proper response to a violation of our trade rights is for us to also violate the same agreement. We believe the Government of Canada should be challenging that U.S. law and hopefully getting a panel report that would cause the United States to bring that measure back into compliance.

Mr. Alex Atamanenko: In the area of the poultry industry, Mr. Dungate, right now 94% of our production stays in Canada and 6% is exported. Is that correct? We're the ninth-largest importer of poultry in the world, and that, obviously, has to come in under that 5% or 7.5% before you get into the over-quota tariffs.

Roughly how much of our consumption is domestic and how much is imported?

• (1020)

Mr. Mike Dungate: Roughly speaking, of our domestic consumption, about 91% to 92% is from domestic and the rest is from imports. While there have been only two supplementals in beef since 2003, there are supplemental imports every single year, all year long, in poultry.

Mr. Alex Atamanenko: Are the imports tagged? Is it the same as in the cattle industry, that if it's slaughtered in Canada...? If we import the chickens and then they're processed in Canada, does that mean they would have a "Product of Canada" label? How does that work? Or do we import live chickens?

Mr. Mike Dungate: We don't import live chickens. People can bring in whatever they want, so they'll bring in the highest-value product, and "live" would not be that.

They can if they want to. Yes, the meat can come in and go into a product, and that product can be labelled "Product of Canada". That's where we're talking about that total cost and value addition. If you're just going to import that meat and put that meat right on the shelf, then in our view, that can't be labelled "Product of Canada".

Mr. Alex Atamanenko: Is it now? If that chicken breast, for example—

Mr. Mike Dungate: They rarely bring it in for that. They usually bring it in to put it in another further processed product; they're going to put some value in it here. On that value part, our view is that they have to get that value up to a certain level to make it a product of Canada. I think the example was that if you just add a bit of pepper to it, that's probably not going to do it for us.

Mr. Alex Atamanenko: Do any of you other folks have any comments—Mr. Anderson, Ms. Markell, Mr. Jarvis—in regard to this?

Mrs. Lynne Markell: Do you mean around meat? No.

Mr. Alex Atamanenko: Those are all the questions I have.

[Translation]

The Chair: Ms. Thi Lac, you have five minutes.

Mrs. Ève-Mary Thaï Thi Lac (Saint-Hyacinthe—Bagot, BQ): Good morning everyone. I would like to ask you two questions.

My first question is for Mr. Jarvis. Some witnesses who have appeared here have questions about products like yogurt. How is the decision made to label yogurt a "Product of Canada", since yogurt is made using domestic milk and other products such as coffee or berries, that can be imported? What standards could be used to indicate that yogurt is a product of Canada?

My second question deals with the terminology to be used. The expressions mentioned include "Made in Canada", "Grown in Canada" and "Product of Canada". Several years ago, labelling on most products was quite vague and unclear. Now on the back of the

packaging you can see how much sodium, trans fat and calories a product contains. That is very helpful for consumers who want to make healthy or informed choices. However, we know that in restaurants, that information is not put on the menu. People always say that healthy choices are more difficult to make in restaurants, because the standards are voluntary. Some foods in restaurants are identified using "healthy choice" or "no GMOs". That indicates that the product does not contain any, clearly, but does that mean that if nothing is indicated, the food in question contains GMOs?

Are you not afraid that voluntary standards will lead to this kind of confusion? If it says "Product of Canada", it is a product of Canada, but if it does not say anything, does that necessarily mean that it is not from here? It could even be a disadvantage for a product made here not to be identified as a product of Canada, because the standards are voluntary. I wonder if it wouldn't be fairer to indicate, for example, "Imported from Italy and packed in Canada". That may better reflect reality and enlighten consumers as to the choices and purchases they make.

• (1025)

[English]

Mr. Don Jarvis: Mr. Chairman, why don't I start the responses?

First, let's talk about yogourt for a few minutes. Yogourt has been a tremendously exciting and successful product in the dairy industry. In the last 15 years or so, it's experienced 5% to 10% growth per year, so Canadian consumers are demonstrating their interest in purchasing dairy ingredients through yogourt as the dairy product.

I must say that probably 100%—99.9%—of the yogourt sold in Canada is made in Canada. It's processed in Canada. The ingredients are somewhat complex. Yogourt will have sugar. It will have flavours. It will have fruit. It will have active bacterial cultures, and much of that is imported. Many of those ingredients, those small but very significant ingredients important to creating yogourt, are imported.

Probiotics, the active bacterial cultures that are dramatically pushing consumer demand in yogourt, are imported. So if you're trying to determine whether a product like yogourt, which is so important to the dairy industry now, is 100% Canadian because it requires 100% ingredients for a designated mandatory "Product of Canada" labelling, it just won't work.

Those are the problems we encounter when we start thinking about a specific "Product of Canada" designation, and that's why one has to be very careful about looking at a mandatory requirement versus a voluntary requirement.

The Chair: Thank you.

There are only about five seconds left, so I'm going to move to Mr. Storseth. You're up.

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

I want to thank the witnesses for coming today. I think we've been carrying on an interesting discussion with "Product of Canada".

Mr. Masswohl and Ms. Mina, two of your organization's primary objectives are to create an atmosphere to sell more Canadian beef around the world, as well as domestically, and to raise the awareness of the quality of Canadian beef.

Within the current labelling system, do you feel it is sufficient for your organizations to enhance this? Do we need to strengthen what we have, or do you feel we need to go somewhere else with this?

Ms. Lisa Mina: As I mentioned before, I think the current labelling does support that voluntary approach to the use of "Product of Canada". We're taking that voluntary approach of building a Canadian brand around Canadian beef to strengthen the communication around choice around Canadian beef. We're seeing that the labelling is there to provide the opportunity to take that voluntary approach, and we're going ahead and increasing the marketing around the product.

Mr. John Masswohl: We think the definition of "Product of Canada" needs some updating from its 51% value-based approach to more of a transformation-based approach, and of course the education enforcement needs to be looked at as well.

Mr. Brian Storseth: I agree with you 100%. More than just economics comes into play here. There's the safety aspect of it for the general public. There's the fraud aspect, the truthfulness within our labelling.

But I want to be more specific, because we've heard some recommendations from other witnesses at this committee, and you think "Product of Canada", "Grown in Canada", "Raised in Canada", "Made in Canada", "Processed in Canada". Would you not agree that the more of these labels we have out there, the more it's going to lead to confusion for the general public?

• (1030)

Mr. John Masswohl: You're right. It's very easy, and I'd agree with everything Don mentioned. Once you start to get into more complex products, it becomes very difficult. You gave yogourt as an example. I was thinking of a meat lasagna, where you've got meat, maybe you've got two or more kinds of cheese, you've got pasta, and you've got some vegetables and some spices. Where do all these things come from? It's hard to imagine being able to put a "Grown in Canada" label on that, or even a "Product of Canada", because of all the tracking and record keeping and proving that would have to go into saying that everything in there is Canadian. Maybe there is room for "Processed in Canada". If they assembled all these ingredients together, should it get something?

But ultimately this complex environment comes back to why we prefer a voluntary approach. If you've got that lasagna, why force them to put a label on it? If you force that, maybe you're forcing information that's not truthful, or maybe you force the production of that lasagna to some other country.

Mr. Brian Storseth: Exactly.

Go ahead, Ms. Mina.

Ms. Lisa Mina: I think the other thing is that both government and industry have a joint responsibility to communicate clearly the definition and what the labels mean. I'm not sure that's really happened in the past, that they clearly communicated what each one

represented in order to eliminate or minimize the confusion around them.

Mr. Brian Storseth: Yes, I think what I'm hearing here, and it's something I heard from many witnesses, is that we need to simplify the process, not make it more confusing. You do that by working with the labels we already have and by strengthening the brand of those labels.

I agree with what Mr. Masswohl was talking about earlier. One of the most successful brandings I've seen was for Alberta beef, and it was a totally voluntary, totally industry-led initiative. That's something that's been very successful. I agree it's important that we keep this voluntary rather than mandatory.

I guess one other question I'd like to ask deals with your comments on education, and even enhancing what we currently have. You've talked about the processes in Canada a couple of times.

Do you have any numbers for the cost of this for either industry or government?

Mr. John Masswohl: I don't have any numbers here with me today. I think there would be such variability among the products and where they were being produced, it would be very difficult to come up with general statements as to the cost of doing those sorts of things. We could give anecdotes or examples.

Mr. Brian Storseth: Ms. Mina, do you have any idea of the costs of increasing the educational component of this for the general public?

Ms. Lisa Mina: It depends on the scope of the education. If you're looking at some type of advertising initiative, that would be quite costly. If you're looking to do it through further influencers and other stakeholders, or a combination of both.... It depends on the scale of the communications.

Mr. Brian Storseth: You agree with this—

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

I have one question about the CCA and BIC presentations.

You talked about minimal processing and manufacturing beef that's imported and whether or not it's called Canadian or is just out there as non-labelled product. What do you mean by minimal?

Say a side of beef comes in from the United States and it's processed here into hamburger or cut into steaks for the retail industry. Would that be Canadian or would it be a non-labelled product?

Mr. John Masswohl: There's a list, and I'm sorry I don't have it with me. There's a regulation under the meat labelling act that lists the processes that constitute minimal processing, and some of them are slicing, cutting, and those sorts of things.

Basically, if you were to bring in a whole rib-eye steak and cut it into individual steaks, it would satisfy the minimal processing requirements, and those individual steaks would not have to be labelled with the country of origin. It doesn't mean they're Canadian; it just means they don't have to be labelled, as opposed to your bringing in the individual steaks and selling them at retail, when they would have to be labelled with the country of origin.

The Chair: You're satisfied with the current regulations as they apply to the minimal requirements.

Mr. John Masswohl: Right.

We have difficulty where people start to misuse and misrepresent that. If somebody takes imports that are either Australian or American muscle cut and cuts them into steaks, we have a problem if they then label those steaks as Canadian, because that is not lawful.

• (1035)

The Chair: Okay. That's what I wanted to know.

We're going to cut the discussion off there.

I want to thank the witnesses for all your testimony. It's going to help us determine how we move forward with recommendations to Parliament, and essentially to the Government of Canada, on "Product of Canada" labelling and other issues related to labelling and truth in labelling.

We're going to move to motions. The first motion we're going to kick off with is Mr. Atamanenko's.

Alex, could you read that motion, if that's your wish?

Mr. Alex Atamanenko: The motion reads as follows:

That the Standing Committee on Agriculture and Agri-Food write a letter to the Minister of Agriculture and Agri-Food, Honourable Gerry Ritz, recommending the government abandon its plan to remove Kernel Visual Distinguishability (KVD) as a variety registration screening criteria for all classes of Western Canadian wheat as of August 1, 2008, and only proceed with its removal when a variety identification system that has gained the confidence of those whose interests are protected by the current KVD system has been put in its place.

I can speak to it a little bit.

The Chair: Yes, speak to the motion, please.

Mr. Alex Atamanenko: Yes. While I'm speaking, I would like to acknowledge the fact—Guy gave me an update yesterday—that apparently there is a movement to bring in another system.

The way the motion reads doesn't preclude something else coming in at any time. I see this as a precautionary measure. If there isn't a system in place that all parties are satisfied with by August 1, then this motion allows us to wait until something is in place. Conversely, if something is in place that everybody was happy with before, this motion doesn't preclude that. It's not giving a definite date. It is the precautionary principle, and I believe we have to move very, very carefully here.

For that reason, I'm hoping the motion will get unanimous consent here at committee.

The Chair: Go ahead, Guy.

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

With all due respect to Mr. Atamanenko, for all intents and purposes, I feel this motion is pretty much redundant in that the Canadian Wheat Board does have a plan in place. They are in the process of communicating that to the farmers as we speak.

I should also say that we're just reacting to what the farmers wanted. Alex and I had a brief discussion about it, and I think the motion probably is, as I said, for all intents and purposes, really not necessary. We think things are well in hand.

The Chair: Mr. Miller.

Mr. Larry Miller: Thank you, Mr. Chair.

I guess my problem with the motion, Alex, and I know your intent is good, is that it is one thing to protect agriculture as a whole, but our main goal here, and I think it has always been your party's, is to protect the grassroots producer. That's why this is being changed.

This doesn't benefit the grassroots producer. As you word it there, it says "confidence of those whose interests are protected". Well, it is sure not the producers. So I think this goes in the wrong direction altogether. Improvements made by getting rid of this KVD system are to help out the producer, not otherwise. So I can't support the motion.

The Chair: Go ahead, Mr. Easter

Hon. Wayne Easter: I would disagree with both Guy and Larry, because KVD does benefit the producer. One of the reasons Canada is seen as the best quality supplier in the world is because of our grading system. Having said that, I think certainly whether it is the hog industry or the livestock industry, if there were another method of assuring the quality of the grain we are exporting out of the country, such as using black box technology or something else, then doing away with the KVD would certainly be a benefit to growing new and perhaps more productive crops with other characteristics.

But what is at risk here is our quality control system. The minister jumped the gun. He is coming in with a proposal without the assurances on the other side that our quality control system won't be jeopardized.

I know Guy said the Canadian Wheat Board has a plan in place. That's not what I've been told. So unless we can have a witness here from the Canadian Wheat Board and the Canadian Grain Commission who is going to tell us that there won't be a problem on August 1 and that our quality system won't be jeopardized by this move, I have no choice but to support this motion.

• (1040)

The Chair: We'll have André.

[Translation]

Mr. André Bellavance: It seems to me that when we discussed the matter, committee members were clearly in favour of removing kernel visual distinguishability, but that they were also clearly in favour of replacing it with a system to identify classes of grains. The parliamentary secretary, Mr. Lauzon, tells us that he is totally opposed to this motion because everything is being put in place and organized. That intrigues me.

Explain to me how the government plans to implement an identification system to replace KVD. You have not provided enough detail.

[English]

The Chair: There is a fire alarm. My duty is to suspend the meeting.

Please go to the closest emergency exit.

As soon as it's off, we'll return. We'll have to work things out with.... The natural resources committee follows ours.

We're suspended.

- _____ (Pause) _____
-
- (1105)

The Chair: I call this meeting back to order.

I want to apologize to what I think is the natural resources committee that's coming in after us. Due to the fire alarm, we do have some business we have to finish off.

We are discussing Mr. Atamanenko's motion. I would just like to suggest that we defer the motions until Thursday morning, and that we do them at the beginning of the meeting so they get dealt with in a prompt manner. We need a motion to do that, if it's agreed.

Mr. Storseth moves?

Mr. Brian Storseth: I'll make a motion to suspend the....

The Chair: You move to suspend the debate on Mr. Atamanenko's motion?

Mr. St. Amand.

Mr. Lloyd St. Amand: That was not your suggestion, Mr. Chair. I move that we deal on Thursday—

The Chair: No, we have a motion on the floor that we have to deal with first.

Mr. Brian Storseth: We have to vote on it.

The Chair: We have to vote on your motion, yes.

Is it dilatory?

Okay, it's a motion. We can have discussion on the motion that the debate is suspended on Mr. Atamanenko's motion.

Mr. St. Amand.

Mr. Lloyd St. Amand: I'll make a friendly amendment that debate be suspended on Mr. Atamanenko's motion, that all other motions be dealt with as a priority at our next meeting on Thursday, and that we deal with them at the very start of the meeting.

The Chair: I have an amendment by Mr. St. Amand that we suspend this debate, along with the other motions from both Mr. Easter and Mr. St. Amand, until Thursday morning and deal with them on a priority basis then.

Are there comments on the amendment?

Mr. Alex Atamanenko: So it's my understanding that all of these motions, starting with mine, will be dealt with first thing at the next meeting. Is that correct?

The Chair: That's the intent of the amended motion.

Are there any comments on the amendment? Okay, we're good. There's no debate.

(Amendment agreed to)

The Chair: Okay. We do have some business about the liaison committee that we have to deal with quickly. We need to go in camera, so I'm going to suspend.

[Proceedings continue in camera]

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