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# Standing Committee on Agriculture and Agri- Food

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EVIDENCE

**Tuesday, May 6, 2008**

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**Chair**

**Mr. James Bezan**

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## Standing Committee on Agriculture and Agri-Food

Tuesday, May 6, 2008

• (0905)

[English]

**The Chair (Mr. James Bezan (Selkirk—Interlake, CPC)):** I'll bring this meeting to order.

We're continuing our study on "Product of Canada" labelling.

I want to welcome to the table today, from Cloverleaf Grocery Ltd., Mark Loney. Thanks a lot for joining us, Mark.

We have, from Gowling Lafleur Henderson, Ronald Doering.

From the Canadian Council of Grocery Distributors, we have Jeanne Cruikshank and Bernard Leblanc. I want to welcome both of you.

I ask that you keep your opening comments within the 10-minute limit so that we have more time for questions and answers with our members as we start our rounds.

With that, I'm going to turn it over to you, Mr. Loney.

**Mr. Mark Loney (Manager and Owner, Cloverleaf Grocery Ltd.):** We're still waiting for Doug to bring back a sheet.

**The Chair:** If you want to wait, we'll turn it over to Mr. Doering.

You can kick us off.

**Mr. Ronald Doering (Partner, Gowling Lafleur Henderson LLP):** I'm here today in my own personal capacity at the invitation of the clerk, so I'm not representing anyone. I assume that part of the reason I'm here is because my primary practice in law is agriculture and food law. I write widely on issues of food law, and I'm a former president of the Canadian Food Inspection Agency.

I was reminded by Jean-Denis this morning, before we started, Mr. Chair, that he was actually here when we were creating the Canadian Food Inspection Agency in 1995-96. He remembered that I had a bad back then. I still do, Jean-Denis.

The only other people who I think were here at that time we were creating it—I was the only government witness—were Mr. Easter and I think Mr. Steckle. I think you were here then. So this is 12 years later, back in this room, on related issues of the Food Inspection Agency.

I'm going to make three points in my introductory remarks. I think they may be different from what my colleagues are saying today or from what you have heard.

In my opinion, this is not a particularly complicated issue. It's widely discussed and described as complicated. I don't think it's that

complicated. There are some fairly easy solutions. That's my first point.

My second point is that I'm going to urge you not to recommend solutions that involve regulatory change. I think that would be a mistake. In the course of this, instead of talking about the law of food and drugs or packaging law or packaging and labelling, I'm going to make reference to another law, which doesn't get enough attention up here, in my opinion. And that is the law of unintended consequences. It seems to me that a regulatory change in this area could have significant unintended consequences that would be hurtful to the industry and to Canadian consumers.

My third point is that on the matter of "Grown in Canada", on this idea of having another expression, as far as I can see, there's absolutely no reason it can't be done right now. Just do it. In fact, it's remarkable that it hasn't been done before now.

I'll just elaborate on those three points.

It's not a complicated issue. While it's been around for a while, with the Canadian Federation of Agriculture and others being concerned about trying to help Canadian producers and so on, there are actually, as we've heard from the Food Inspection Agency, very few complaints about this issue. If you review your transcript, you'll see a remarkably few number of examples. There's the famous jar of garlic, and there are others that people will trot out. But in many cases, these are labelling issues not directly related to the "Product of Canada" issue.

If a 51% guideline established by Industry Canada many years ago—not with food in mind—is a problem, then all you have to do is change it. It could be done immediately. It requires no regulatory change. The Food Inspection Agency is studying this issue at the direction of the Prime Minister. My assumption is that if people are persuaded that the number should be higher than 51% but less than 100%, then that could be done immediately. It could be done a week after your report is finished. It's simply a direction, a decision. The Food Inspection Agency makes decisions every day to alter the guide to food labelling. They can do that immediately.

Although it's very important to understand that this could be done quickly, it should remain voluntary, not mandatory. One of the things we should keep in perspective here is that in a typical large supermarket there are tens of thousands of SKUs. In fact, Jeanne, you may know. Would there be 40,000 or 50,000 SKUs in a typical large supermarket?

**Ms. Jeanne Cruikshank (Vice-President, Atlantic Office, Canadian Council of Grocery Distributors):** Probably 35,000-plus.

• (0910)

**Mr. Ronald Doering:** I remember I used to use the number 30,000 to 40,000, so yes, 35,000 SKUs. There are 99.9% of those that are labelled properly as far as “Product of Canada” is concerned, so let's keep this in perspective, ladies and gentlemen.

My second point is that we can easily change your recommendation to help the Food Inspection Agency do this. We can easily change the 51% rule to something higher, such as 80% or 90%. That could be done. It can be done quickly, and it's not complicated. But certainly, do not make it 100%; you've had submissions already on why that would be a silly idea.

Why is it important not to change regulations? Happily, this is one of those areas where we can remain fairly nimble, because we're not stuck with an out-of-date regulation. The Food Inspection Agency makes changes to the guide on food labelling all the time. Subsection 5(1) doesn't need to be changed. It's there now, and it makes it a criminal offence to mislead people.

Leave the statute alone. Leave the regulations alone. Recognize that you can easily have a dramatic impact on the issue of “Product of Canada”, if you want to, by tinkering with the guidance, the guide to food labelling, and by keeping it voluntary, not bringing in regulations.

The food regulatory system in Canada is huge. There are about 10 federal statutes, and each of these has in the order of 20 or 30 sets of regulations. The food regulations in Canada sit on my desk and they are this high. There are literally hundreds and hundreds of pages of regulations relating to the food industry. It is not a good idea to get into the position where you have to change those in order to achieve something, because you're going to get further change, and you'll still be stuck with Canada's sclerotic regulatory change system, which takes a couple of years. It has to go to government twice, for RIAS and gazetting, just to have some minor change. It is this sclerotic food regulatory system that undermines innovation and investment for the food industry, and it certainly undermines competitiveness.

My argument to you today, and my second point, is do not engage that black hole of Canadian food regulations; make your contribution by recommending guidance changes. This is based on my own sense, as I mentioned in my introduction, that the single biggest problem, and the law we need to think more about on the Hill, is the law of unintended consequences.

If you start to change one part of the regulation because the food commodities are all different—and there are literally dozens of pages about products relative to meat, as the Meat Council told you.... The unintended consequence of the American COOL provisions is that the origin labelling now has a fundamentally flawed system. It's completely unworkable, and it will hurt both Canadians and Americans. We know what it would do to weanling pigs, for example.

I noted in a brief review of your minutes that a lot of people have confused the quality standards. I urge you to leave that alone. We've

talked about amending product regulations and quality standards for about 15 to 20 years, Mr. Easter. We still haven't, and there's a reason. It is so complicated and so detailed that if you get into that, you may not get out.

You want to retain things like “Canada Choice”, even if it's not a “Product of Canada”, in the sense that the fruit isn't. It seems to me that there's a big difference between a can of pears produced, packaged, and canned in China, shipped here in a great big ship, and where a struggling Canadian food processor takes Chinese pears, cuts them up, uses Canadians to put them in a can, and hires Canadians to label and sell them. We should be able to distinguish between those two things.

In the case of the Canadian product, we know there have to be very stringent rules about what it means to be “Canada Choice”. For example, we would have a very hard time enforcing some of that stuff with respect to imported product.

To conclude this second point, it's important to realize that while the solution to this problem is not complicated, you could get into a mess tinkering with the regulatory regime.

Here's an example related to juice. A significant Canadian juice company that has survived and done well used “Product of Canada” for anything that was 80% Canadian ingredients. All of the processing, manufacturing, and packaging is carried out in Canada. This is their own voluntary standard. If they're not using 80% Canadian produce, they call it “Prepared in Canada”. This is a product for which all activities of processing, manufacturing, and packaging are done in Canada.

It seems to me that this would be quite adequate to protect the Canadian consumer. The last thing you would want, though, is to specify the country of origin for these kinds of things. You can't source apple juice just from Canada all year long, and many juices have multiple ingredients.

My third point has to do with the “Grown in Canada” designation. It's remarkable to me that the farmers of Canada are still looking for funding from Agriculture Canada to do this. Why don't they simply do it? A voluntary “Grown in Canada” program funded by producers can be done right now. It doesn't need to go through the regulatory system. As far as I'm concerned, it's remarkable that we haven't built on the good programs that many of the provinces have.

So, Mr. Bezan, it's not a complicated problem, really. The solution is easy: raise the 51% guidelines and encourage the producers, who are anxious to use “Grown in Canada”. You have subsection 5(1) to back it up if somebody tries to be misleading. It's surprising it hasn't been done before now.

Thank you.

**The Chair:** Thank you. This is a different perspective, and we appreciate it.

Mr. Loney, are you ready?

**Mr. Mark Loney:** The sheet is being redone, I think.

**The Chair:** Madame Cruikshank.

**Ms. Jeanne Cruikshank:** Thank you, Mr. Chairman. I'll be providing the opening remarks. Mr. Leblanc is with me this morning. He is our labelling resource, and his expertise may be helpful to us all when it comes to the question time.

Thank you again, Mr. Chairman and members of the committee. I'm pleased to be here today to provide information to the Standing Committee on Agriculture and Agri-Food.

My name is Jeanne Cruikshank, and I am vice-president of the Canadian Council of Grocery Distributors. We represent the small, medium, and large grocery distributors on both the retail and food service sides. Our members annually contribute \$72 billion in retail sales and \$12 billion on the food service side to the Canadian economy. We service companies that you may know, such as Loblaws, Metro, Sobeys, and Safeway, as well as some of the smaller companies, like Thrifty Foods and Co-op Atlantic. You may also recognize our members' private label products, such as Compliments, President's Choice, No Name, Master's Choice, and Safeway Select.

We have more than 428,000 employees in the industry and operate through 24,000 stores in every community in Canada. Our members account for about 85% of all the grocery products distributed in Canada to all of those 24,000 stores, hospitals, restaurants, institutions, and long-term care facilities. Each one of those products passes through a distribution or a retail network. CCGD's mission is to advance and promote the economic well-being of its members and their efforts to deliver the best value to customers and the consumer.

Our role is to interface with consumers. CCGD members are the direct interface with consumers. We take very seriously the responsibility of providing information to consumers so they can make informed choices about the products they purchase. From the outset, let me be clear that the issue of "Product of Canada" is not considered a food safety issue by CCGD members. It is about country of origin. We recognize that we are dealing with a highly educated and discerning consumer in the very competitive world of food retailing. To that end, CCGD member products are labelled to comply with the current "Made in Canada" policy from the Competition Bureau. When CCGD members choose to promote products as "Made in Canada" or "Product of Canada", we choose products that meet the requirements of the bureau.

There is always a better way. The food industry is an ever-changing business, and we recognize that there can always be a better way. We need to look at different scenarios for identifying products that are 100% Canadian, as well as products made in Canada with both Canadian and imported ingredients. Therefore, CCGD proposes considering a two-tier system similar to the CFA "Grown in Canada" proposal. Products that are "100% Product of Canada" would be labelled and/or branded with a unique logo and claim. A second designation would exist for products that are made in Canada with both Canadian and imported ingredients. It would

allow enough flexibility to respond to the global economic realities of our industry in cases where ingredients are sourced from different countries.

Particular consideration will also have to be given to products that are processed in Canada with both Canadian and imported ingredients when they do not meet the 51% value-added criteria and therefore cannot display the "Made in Canada" claim. When destined for export, products that do not now qualify for "Product of Canada" are still required by the country importing the goods to declare a country of origin. The current "Made in Canada" guidelines do not address this scenario—yet another reason to review the current "Made in Canada" guidelines to address today's reality of global marketing.

As for partnering with government, CCGD would be pleased to participate in the development of new claims for identifying products that are 100% Canadian content, as well as new claims to identify products processed in Canada with both Canadian and imported ingredients. These new claims would provide clarity to consumers and industry and must also work for both imported and exported products.

We strongly urge that any new guidelines and/or claims to identify products made in Canada be preceded by consumer surveys, so that it is well understood what message consumers would receive from these new claims. Once new guidelines and claims are established, we recommend that a consumer awareness component be undertaken on the part of government and delivered in partnership with industry. An example of this partnership would be the latest nutrition labelling TV ad campaign. In fact, perhaps part of the discussion currently around "Made in Canada" came about because there was no awareness campaign to explain its purpose, mandate, and criteria.

●(0915)

Opportunities and challenges. A challenge that will need to be addressed is that the claims and conditions that are developed to identify products made or processed in Canada will need to take into account the country of origin policies used by countries exporting food products into Canada. It is essential that there be a level playing field and that both products made in Canada and prepackaged products imported into this country meet the same criteria. To have products imported into Canada declaring, for example, "Product of Country X" when 90% of the product is from country Y would be misleading to Canadian consumers and would create an unlevel playing field. In other words, country of origin claims that are developed for the Canadian market must be compatible with those of our trading partners such that the relabelling of products would not be necessary.

The outcome of the standing committee discussion provides an opportunity to establish a forum to amend and revise regulations and guidelines for “Made in Canada”. This forum, a consultation with all stakeholders, would allow an opportunity for new definitions with clear parameters to be established, defined, and communicated to both consumers and industry.

A key element for the success of this review is the allowance of a considerable transition time for the industry to comply with any new guidelines for “Made in Canada”, thus minimizing the cost of relabelling products.

In conclusion, on behalf of the CCGD members, I would urge the members of the standing committee to establish a forum for full and thorough dialogue with appropriate stakeholders involved, many of whom have presented before you. CCGD members offer our involvement and expertise to what we hope will be a timely and efficient process that meets our mutual objectives.

Thank you.

● (0920)

**The Chair:** Thank you.

Mr. Loney.

**Mr. Mark Loney:** *Bonjour.* Good morning.

Thank you for taking time out of your busy schedule to include me in your study. My name is Mark Loney. My daughter Rosalie is here with me.

Our family owns an independent grocery store in northwestern Ontario. For the past 15 years, to complement a retail grocery business, we have been exporting food products, primarily Canadian jam, to the United States. As part of a back haul, we bring food products back into Canada from the U.S. to sell in our store, and this is the product here.

“Product of Canada” is the primary selling point to the jam we sell in the U.S. The perception in the market is that Canadian jam is much superior to American jam. Early in 2007 we got the bad news that the brand we used to sell, Malkin's, was being discontinued due to factory closure. When we heard this news we were taken aback, because this was a large part of our business. After some discussion, we decided to try to retain this business by designing our own jam label. We chose Last Mountain Berry Farms of southeast Saskatchewan, a small family owned business similar in size to ours, to produce the new jam for us. We decided to try to design one label good for both the U.S. and Canadian market. This was important to us as it would save thousands of dollars in segregation costs due to labelling, logistics, warehousing, etc.

We're encouraged in our endeavour by the U.S. Food and Drug Administration, FDA. Their system was designed with small business in mind. They did what they could to move our American label as close as possible to Canadian regulations. We were pleased with how fast and efficiently we were able to have our product for sale in another country. We have been selling there for ten months. We are still not able to sell in Canada.

I think you have a handout now, and I want you to look at it because you'll be surprised at how close the Canadian label and the

U.S. label are to each other. This is primarily due to what FDA has done for us, not CFIA. Not only will you see all the French requirements but also both metric and imperial measurements. Regulations on both sides of the border are vague and open to interpretation. USFDA used interpretation to our advantage. As long as the relevant information is there in a readable format and there's truth in the label, they're satisfied.

This is not how the CFIA operates. Food imported into Canada does not go through the registration process. We naively thought this would be the case for jam. To our amazement, it was not. CFIA presumes that foreign product is compliant, and it can be sold the same day it enters our country. Domestic product, like our jam, is presumed non-compliant and is illegal to sell unless it goes through the label registration process.

**Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC):** Mr. Chair, just a point of clarification.

Mr. Loney, regarding the pamphlet you handed out, you implied that one was an American label and one was Canadian, and what I have appears to be the same.

**Mr. Mark Loney:** They're the same, but if you look, there's “20 grams” on the nutritional facts table, and the lines are thicker on the NFT, but the CFIA won't allow me to sell that in Canada. I can't register that label, and it cost me tens of thousands of dollars. As a small business, that's hard to afford. One is actually registered. You might have a hard time telling which one is which, but one is registered in Canada and the other one is compliant for the U.S.

We were warned that the registration process would be long and complicated. For us, this was all too true. We entered the world of the CFIA, where, in our opinion, vague regulations turn into moving targets. I have a handout there as well that explains different interpretations they've had for the same regulation.

CFIA's response time is very slow, as it still relies on mail. Each version of our label had to be resubmitted on paper. We were only advised of its approval or rejection by the return of paperwork, which would specify in vague form what revisions were to be made. Verbal communication was frowned upon and was made worse by a turnaround time of more than 40 days for mail—again, a stark contrast to the FDA's fast and efficient system.

This is the label. One of my attempts was to take a Kraft label and say, “Well, this must be right.” That was the presumption I made. The CFIA took issue with my decision to include U.S. equivalents on our label, insisting that I would have to have two different versions of my own product. Likewise, this led to numerous resubmissions.

This is the Kraft label. I assumed the Kraft label to be correct. We used it as a guideline for our own label. When the paperwork returned after the 40-plus days, we discovered that the capital “T” on “tablespoon” made our label non-compliant. If you look closely at this label, you’ll see it has a capital “T”.

The Kraft jam had the same capital “T”. I was infuriated and e-mailed to find out if Kraft had gone through the same registration ordeal that I was going through. I was surprised to learn that this required access to information protocol and would be unavailable to me. Is this Kraft label registered? I’d like to know, because they have mistakes on this.

I then started to look on the grocery store shelves and found massive non-compliance. I’ve brought some of these products; I have a lot of them here, but I have more. Many are multinational companies—Unilever, Kraft, Cadbury Schweppes—that should know better and have either slipped through the system or did not even bother with it.

Even more non-compliant are imported products that do not go through the registration process and appear to have had no scrutiny, which raises the issue of food safety. One importer in particular shows up as one of the largest importers of confectionery in Industry Canada’s Canadian importers’ database—I think that’s a handout as well. To me, it shows that the system the CFIA has in place now is ineffective and inequitable as compared to domestic products such as ours.

I take some of the blame for not knowing what I was getting into, but I believe this is the plight of small business. We have to know everything. Meanwhile, a large corporation such as Kraft would have a person in the know, and probably a whole department. The system as it is structured now blindsides small business, local producers, and entrepreneurs who do not have access to the resources and expertise of the multinationals like Kraft. I could have brought many genuine local products that are non-compliant. Some businesses, I know, are unaware, and others can’t afford the thousands of dollars in compliance costs.

The Canadian Federation of Independent Business surveyed its members recently. Its key findings were that, on average, an agribusiness spends 29 days and \$19,000 per year to comply with CFIA regulations. Only one in five businesses believes the CFIA provides good overall service. The CFIA could significantly improve its communication with the small business community, especially with me. And complexity and compliance costs are increasing.

In closing, regardless of what decision you reach in regard to “Product of Canada”, the CFIA must take on a more proactive, facilitative, and lenient role in helping small businesses get their products to market. It is illogical, given such complicated regulations—I think you said those are in a pile “this high”, and I think I’ve read most of it—that the CFIA treats small business the same as a large corporation. The amount of \$19,000 in compliance costs is minuscule to a company such as Kraft, but it’s an enormous cost to the true producers of “Product of Canada”, local food that is created, distributed, and sold by small-town, rural Canadians. I believe, as illustrated in my story and accomplished by the United States FDA, that the CFIA can do that at less cost and with an increase in food safety.

I have a challenge for you. Our battle over the last year, as you can see by that label, has been to harmonize the American and Canadian labels. It is important to us because it would save our small business tens of thousands of dollars, and all this is over, basically, “20 grams”. Harmonization on a larger scale would save Canadians hundreds of millions of dollars.

• (0925)

We hear in the news almost daily where Canadians pay more than Americans for such things as automobiles and electronics. Sometimes, as in the case of Canadian farmers, they pay twice as much for their brand of fertilizers than in the U.S.

The price differences are extensive in the independent grocery system we are in. Heinz ketchup is close to twice the price in Canada as in the U.S. Like the farmers’ fertilizer, it is not the cost but what the market will bear. Having different regulations, even minor differences, allows the American and Canadian markets to be price segregated.

The price differences can be proven. We recently made national headlines because one of our competitors, Wal-Mart, threatened to sue us for unfair competition for importing products like Heinz from the United States. The Competition Bureau explains this difference using economies of scale. This would work, except for where this bottle of Heinz ketchup is made. Does anyone have any idea where this is made? It’s sold in the U.S., for half the price, and it’s made in Canada: “Product of Canada”.

Label harmonization would end this price segregation, as it would fully open free trade to small businesses such as ourselves. The official opinion of the government on this is that it cannot happen because of significant differences. There are significant differences between some labels. I believe for other labels, such as those you have in front of you, the differences are insignificant, and I’d like you to look really closely to see what the differences are.

It is one of the goals of the CFIA to harmonize labels, but their approach appears to be that all the labels should harmonize or none of them should. This will never happen. The process needs to be gradual. One label would break the barrier. Pressure for further labels would ensue, and regulations would change and harmonize, one at a time.

If you look at the labels, you’ll conclude that the USFDA has done its part. I believe, as politicians and being on this committee, you can make a difference.

This is my story and these are my concerns and ideas. I thank you again for involving me in your study, and I hope this opens up a discussion. I have ideas that I feel will make a difference.

*Merci.*

• (0930)

**The Chair:** Thank you very much.

Mr. Boshcoff will kick off a seven-minute round.

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

Thank you very much, Mr. Loney, for making this journey here. As we've been discussing this issue, we've been using you as a case study in terms of some of the difficulty, but I don't think any members of the committee really understood just how bizarre—

**Mr. Mark Loney:** As a small business, comparing the FDA and the CFIA, it's Bizarro World. It really is.

**Mr. Ken Boshcoff:** The time delays in your case have been beyond comprehension in terms of capital “T” versus small “t”, and the promptness with the United States.

Perhaps other members of the panel might want to address those types of things, but what could possibly be the reason within the CFIA structure that makes it 10 months? And are we there yet? Has it been officially approved yet?

**Mr. Mark Loney:** I've had three labels approved. The other three aren't. They're still here somewhere.

**Mr. Ken Boshcoff:** At the same time, some of the labels that you have that come in from other countries with no nutrition, no bilingual—

**Mr. Mark Loney:** You can sell this the next day, whereas I have to wait a year for my stuff. This has no nutritional facts table on it, and this was brought in by one of the biggest importers of confectionery in Canada. I don't think I need to say who it is, and I don't think it's their fault; it's just that there's a different system for this than for that. It's not fair.

One of the biggest things with the FDA was that she would have my label on her screen and I'd have my label on my screen in Emo. She'd be in Minneapolis. She would say, “Mark, you need to move your '60 calories' over this way.”

CFIA doesn't work like that. They're still in the 16th century. They require that I mail it to them and wait the 40 days until it comes back. So it's 40 days, every time, to find out if my capital “T” should have been a small “t”. It's not a good way to communicate.

**Mr. Ken Boshcoff:** How many equivalents to Kraft in terms of large multinationals are there out there with all these spelling mistakes and typos?

**Mr. Mark Loney:** I think it's rampant. It's not big errors. This is obviously a big “T” instead of a small “t”, but if you go grocery shopping, on that last little bit at the bottom, the rounding is supposed to be 2%. You'll see 3% and 1% on a lot of them. Well, they're wrong, because they rounded their numbers wrong.

How high did you say the pile was, hundreds of pages of regulations? I think I've read most of it. It has controlled my life for the last little while, because I've been trying to get this label approved.

**Mr. Ken Boshcoff:** Was there ever any excuse given to you in terms of some of these delays, that CFIA was understaffed or something like that?

**Mr. Mark Loney:** No. You send your paper in and you wait the 40 days. If it's a small “t” versus a big “T”, then they send it back.

**Mr. Ken Boshcoff:** In your discussion with the Saskatchewan farm operation, had they conveyed to you similar experiences that other entrepreneurs had?

**Mr. Mark Loney:** They told me that registration was a nightmare, and I had a hard time believing it, but it was. I expected, when I dealt with the FDA, that my own government would be facilitative, and they're not. It's like I come here and expect to see people in 16th century wigs. That's what I get from my own government. I didn't like it.

**Mr. Ken Boshcoff:** You had shown me a letter you received from CFIA that would not have passed grade 6 grammar.

● (0935)

**Mr. Mark Loney:** Yes, not even grade 2 grammar.

**Mr. Ken Boshcoff:** Do you have that to table for the clerk?

**Mr. Mark Loney:** Yes, but I'd rather not get into names. It's the process.

**Mr. Ken Boshcoff:** Okay, we can do that later, then.

**Mr. Mark Loney:** I can leave it here.

**Mr. Ken Boshcoff:** The question is, could an American have produced the same jam and exported it to Canada without going through this?

**Mr. Mark Loney:** I asked the CFIA if I could do this here. But if I took this can of jam, made in southeast Saskatchewan, and exported it, say, across the border to Minneapolis and then imported it, it would have been fine. I could have sold this here 10 months ago in Canada, believe it or not.

**Mr. Ken Boshcoff:** That makes its own case.

**Mr. Mark Loney:** But I have the letter here, if you want me to read it.

**Mr. Ken Boshcoff:** If you could just leave it, I'll give it to the clerk.

On the issue, then, in terms of process, your experience of having someone assigned to you who walks you through it, if the CFIA had a similar process to the American process, how long do you think it would have taken for approval?

**Mr. Mark Loney:** I would have been selling this in Canada 10 months ago, and I still think it should be compatible to sell in Canada. As compared to some of these other labels, this is compliant, other than the fact that they don't want me to put the “20 grams” and the nutritional facts table.

To me, 20 grams is probably a better measurement, because if you look down the whole table...if you said that one tablespoon equals 15 millilitres, how much of that is sugar? Sugar is 12 grams. With “15 millilitres”, no one knows. But if you say, “Well, one tablespoon is 20 grams”, and you know that 13 grams of it is sugar, you say, “Holy cow, over half of what's there is sugar.” But “15 millilitres” tells you nothing.

One tablespoon is 20 grams and one tablespoon is 15 millilitres, so it is fact. The lab analysis, which I paid \$800 for, came back, and one tablespoon equals 15 millilitres, equals 20 grams. It's very truthful that 20 grams is actually 15 millilitres. So why not let it in there?

It has nothing to do with the truth.

**Mr. Ken Boshcoff:** On that question of what is the equivalency, so that consumers can understand, you've actually provided that by explaining how much that is so they can interpret it. Do you think that should be a standard?

**Mr. Mark Loney:** That should be a standard, and it would allow me to sell it, other than the thicker lines. If you look at it, the FDA has thicker lines than the Canadian lines, and I think you could probably talk the Americans into the thinner lines. As I said, they've allowed all the French on here, they've allowed the metric on here, they've allowed the volume measurement on here. This is so close to the Canadian one.

I don't know if you guys can tell the difference. It doesn't sound like you can. But if you guys can't tell the difference and you're looking at it, then I'd like to be able to sell with this. It would save me tens of thousands of dollars.

**Mr. Ken Boshcoff:** Thank you very much.

**The Chair:** Thank you.

Mr. Bellavance.

[*Translation*]

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

Thank you very much for your presentations. For those of you who do not understand French, I invite you to avail yourselves of the interpretation.

Mr. Doering, you are correct in saying that you have sounded a discordant note. That is not uninteresting, far from it in fact. However, your testimony does raise several questions.

You argue that the legislation must not be amended because doing so would have some dramatic repercussions. Of course, you mentioned the potential domino effect of more stringent guidelines governing the use of the “Product of Canada” designation.

You spoke of some thirty regulations arising from the Competition Bureau guideline. Can you give us some examples of the repercussions that amending the act could have?

[*English*]

**Mr. Ronald Doering:** Sure. You don't have all morning, but I could spend all morning, because I do this for a living—help people work their way through this maze. Maybe I'll build on the one the gentleman just mentioned.

The real solution to that problem is to not have pre-label approval for jams. Of 100 products in a grocery store, all of the meat labels have to be approved prior to marketing. The label registration unit—Dr. Mark Bielby's group in Ottawa—has to approve every meat label and every jam label. None of their labels is subject to pre-market approval, simply because it's a product of historical reality that nobody is exactly sure where it all comes from.

If you have a cereal, if you were doing any kind of product that's not under supply management—and that's another story—for thousands of other food products, you'd simply sell it, and if somebody complains that it's a defective label, then they take action.

They have to work on competitor complaint, because they get thousands of these a year.

The solution to the problem, for example, of the jams is to say why would jams be any different from all kinds of other food products? Simply, don't have pre-market label registration, so you get rid of all that detailed...my work.

I warned you not to go there, all this regulatory stuff. But here's an example of where, if you tried to have a regulatory change, it would be quite different for meat and jams than it would be for all other food products, because these are already pre-approved. You would take the JPEG, go through it in detail, and look at every little thing, whereas with all these other food products you don't.

So that's another example of where the law of unintended consequences could create trouble for you if you tried to deal with all products as though some were pre-market approved and some were not.

● (0940)

[*Translation*]

**Mr. André Bellavance:** Sometimes when we try to simplify matters, we complicate them even further. What about the consumer's right to know exactly the provenance of the product he wants to buy? You stated that you read the committee transcripts. This isn't the first time that the committee has examined this particular issue. You even said that you yourself testified before the committee 12 years ago and this very subject was already being discussed then.

The first goal is very simple, namely ensuring that very clear guidelines are drafted respecting the use of the “Product of Canada” designation. First of all, consumers have the right to know what they are buying. And secondly, we are convinced that this designation will help farmers market their products. People want to buy home-grown products. Both consumers and producers would be affected by the amendment to the guidelines.

If the status quo is maintained, the consumer will continue to be confused by all of the information found on labels. Because of the 51% total cost rule in particular, products labelled “Product of Canada” may not necessarily be from Canada. In my opinion, if the guidelines are not amended, consumers will continue to be misled.

[*English*]

**Mr. Ronald Doering:** I didn't argue for no changes; I argued for no regulatory change.

If you recommend regulatory change to the Government of Canada, you won't see it for a couple of years from now, minimum. You won't have had an impact on Canadian consumers, because the regulatory change process is so slow and sporadic. It happens, though. This is a solution you could achieve without regulatory change. All you have to do is recommend to the government that the 51% rule developed by Industry Canada years ago, which is incorporated into the guide to food labelling, be changed so that it would be 80% or 90% or something like that. If they accept your recommendation, it will be changed. Then no company could say they used "Product of Canada" because the bulk of the cost of the production of this, even though the last transformation was in Canada, was spent in Canada, and therefore they could rely on that. They couldn't any longer.

The companies we're talking about here, which are relying on the 51% rule, were actually living up to the law that we now have. So what do we mean by mislabelling? Well, there was some guidance about "Product of Canada". I didn't say "no changes"; I said "I recommend". It would be good for my business if you tampered with the regulatory system, because you would just create another whole mess. I make my living doing that, in part.

My recommendation, if you want to make a difference, is that the existing guideline—it's not a regulation—of Industry Canada be higher than 51%. Make it 80% or 90%. It's there. You've stopped that problem for the jar of garlic that came in from another country, for which the bulk of the costs were actually spent on packing and processing rather than on the product. Therefore, if it were higher, then you couldn't bring that famous jar of garlic in and call it "Product of Canada".

On the other side, regarding "Grown in Canada" and the issue that Canadians should be able to distinguish between pears grown in Canada and pears grown in China, in terms of the actual pear, that law is very clear. If you import pears from China, they're a product of China, and they won't get into this country unless they're described that way. I guarantee it. The law is clear. It's right there in the processed product regulations. The difference arises when you can those pears in China. If we want to distinguish that product, which you cannot legally bring in and call "Product of Canada" now, if it's produced there.... Whereas, if a Canadian company processed those pears and, say, had some Canadian pears and some Chinese pears, depending on the source, they would still be able to make that distinction.

I'm not arguing, sir, that you shouldn't make changes. I'm saying that the "Grown in Canada" can be done right now, and you don't need to make any regulatory changes whatsoever. Let's get off our butts and start really promoting "Grown in Canada" the way they promote "Australian grown" or "Foodland Ontario". That's a really good program for Ontario. Why wouldn't we have a national program for this?

It's amazing to me that the farm community has not done this before now. It's interesting that Mr. Easter's old organization, the National Farmers Union, passed a major resolution at their last meeting. Who did they direct it to? It was to the National Farmers Union, not to the Government of Canada.

● (0945)

**The Chair:** Mr. Bellavance's time has expired.

Mr. Miller.

**Mr. Larry Miller:** Thank you, Mr. Chairman.

Thanks very much to the witnesses for coming here today.

Truth in labelling, which is really what this is all about in a roundabout way, is something I've personally been involved in fighting for, I guess you could say, through local farm organizations for years.

Mr. Chairman, everyone here—the committee anyway—has heard me talk about the proverbial jug of grapefruit juice, which seems to have no problem in this country being labelled "Product of Canada". But Mr. Loney is talking about a product here that comes from Canada, is grown in Canada, and is packaged in Canada, and he's having a hell of a time getting it through. It just shows that one of the reasons this committee is reviewing this is that it's long overdue. I know the minister is reviewing this right now, and he knows there's a problem. Finally, we're getting some action on this after years.

Ms. Cruikshank, you made a statement that this is not about food safety; it's about country of origin. Would you agree that the consumers today are more educated? I find that there's definitely a move out there. People want to know where their food is coming from. It isn't just that. I get people—and I'm talking about people from the urban parts of my riding—phoning me up. They read the papers, and they know the problems in agriculture. Not very long ago it was in the grains and oilseeds, and right now it's in the livestock sector. They say they want to be able to do their part to support agriculture. They say that if I tell them where our food comes from, they'll spend the little extra to buy that. I guess, in a way, I'm disagreeing a little bit with your statement.

Do you want to enlarge on that or agree or disagree with me?

**Ms. Jeanne Cruikshank:** Absolutely. I'd like to enlarge on it.

The point is, when I looked at the previous witnesses, there was sometimes an indication that this was a food safety issue. We at CCGD think it's a quality issue.

One of the things I deal with nationally on behalf of the members is meat issues. We know the concern and the interest in purchasing local product. We're the only country in the world that, following BSE, purchased more beef than before. I think that's because of the alliance with and the intent to support the local community and our Canadian product.

The point was to emphasize that there are a great many things that consumers take into consideration when making their choices. We have a rigorous regulatory system in this country that addresses food safety. On this particular point, we're really talking about country of origin. That may translate to some consumers into supporting local, into a better assurance of their own country's safeguards, but it really shouldn't be confused with the food safety issue.

● (0950)

**Mr. Larry Miller:** You also talked about a proposed two-tier system. Would that not add extra labelling costs? Consumers today want to know a lot more information than they used to. It's getting to the point that we're going to have to send out a small booklet with a jar of jam and an elastic around every one. It's almost that bad. But I understand why people want to know.

**Ms. Jeanne Cruikshank:** We're very cognizant of the cost of label changes. Within our membership, there are large players and small players. Our members have a predisposition to buy locally. This gets complicated for those small producers who have the need, at great charge to them, to do the nutritional labelling and meet the requirements.

One of the issues is that the definition needs to be clearly communicated. The label is only one medium for communicating a message. The reason there seems to be a gap, or in some cases a misunderstanding on the part of consumers, is that there are some products that really aren't the 51%. There are products like a 20-ingredient chicken pot pie, where the ingredients may come from a variety of places. It really doesn't fit into the existing guidelines.

We were proposing that the "100% Canadian" should have its own separate branding and identity. This may be on the label or it may be communicated through any one of a number of mediums, as long as it means the same thing and meets with our trading partners' standards.

**Mr. Larry Miller:** I want to continue on that. You talked about labelling for something that is 100% Canadian. Then you talked about the other one where I think you were—correct me if I'm wrong—leaning toward the manufactured part. If you were going to that other side, in your vision, would you agree, or are you saying that something 20% imported, or even 100% imported, but manufactured or processed in Canada could come under the same label as something processed or manufactured in Canada but really only 50% or 40% Canadian?

Mr. Loney, were you implying that small business or small food companies are being treated differently than the large multinationals? I'll let you answer that after Ms. Cruikshank is done.

**Ms. Jeanne Cruikshank:** I don't think our membership has all of the answers on that, but we know there is this other category that may not be the 51% and may have ingredients from many countries. That's why we propose that the right stakeholders and the right minds need to sit around a table and get this figured out.

As an industry, in partnership with government, we can do that quickly. We can make it happen. We need to be cognizant of the trading partners. We need to take into account situations that already exist.

I'm not here with a defined answer for you on that one, but I think the right people exist, many of whom have been here, to make that happen in a quick and timely way.

**Mr. Larry Miller:** Thank you.

**Mr. Mark Loney:** I think I am being treated a little differently. I think they gave me more attention. It's like there's a forest fire and 10 firemen show up and they're trying to water down a fence post.

That's the impression I got. It upsets me when these guys are treated differently. These guys don't have to register, but I do.

**The Chair:** Mr. Miller, your time has expired.

Mr. Atamanenko.

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

Mr. Doering, you mentioned that you're basically satisfied with the way the labelling is taking place but that you wouldn't have a problem if the 51% rule were to move to 80%—not through regulations but if we could just do that. Yet from all of the witnesses we heard, it seems that people feel that if something is a product of Canada, it should actually be the ingredients and not the processing.

Is it so difficult, from your point of view, to have regulations that say at least 51% of the ingredients of whatever it is are Canadian—or 60% or 70%? What should the percentage be? You mentioned that happens in juice, that if somebody voluntarily produces juice with 80%, it's a product of Canada.

We are here to see if there is a way to fix this. From your point of view, why would it be so difficult to do this?

● (0955)

**Mr. Ronald Doering:** I'll say it again. I'm not saying that the way we do food labelling is acceptable. It is awful. It significantly undermines innovation in Canada. It significantly undermines competitiveness, and it significantly hurts investment in the food industry.

I said that if you want to make a difference on the "Product of Canada" issue.... It's not the 500 other label issues or whether we should have pre-market label registration on jams or not. If you want to get into all that, fine. We can do all that stuff. My recommendation is to change it completely.

I was talking about the "Product of Canada" issue. There I was saying that if you really want to make a difference soon, you would recommend to the government that the Industry Canada guideline that says rather than look at the product in the can, we will look at all the costs associated with the production of that, and if it's more than 51%, you can still call it "Product of Canada". If you want to change that, fine. Make it 90%; it could be done tomorrow. That solves the problem of those pre-packaged products that fall under this legislation and regulations. Unless they can show that 90% of the production costs were spent in Canada, they can't call it "Product of Canada". That solves that problem.

In terms of "Grown in Canada", you can use that now. If you want to say "Prepared in Canada", as opposed to "Product of Canada", you can use that now. The actual expression, "Product of Canada", doesn't actually exist in the kind of thing we're talking about here. It doesn't. There are hundreds and hundreds of food commodities, and each of them has their own regulatory regime.

**Mr. Alex Atamanenko:** Perhaps we can stop to see what Mr. Loney has to say.

**Mr. Mark Loney:** I want to say that the 51% is maybe an easy thing to do, but the factory I deal with doesn't always get its strawberries from Canada. We try as much as we can, but sometimes the supply of strawberries in Canada is all taken up. In an overall sense, we probably are a Canadian product, but not all the time. We try as much as we can, but sometimes we can't be.

My point is that maybe sometimes we'd have to have two labels, where this is a product of Canada and the other one is a processing product of Canada. That would be a nightmare for us.

**Mr. Alex Atamanenko:** I'm not quite sure what your business is. You're not a retailer.

**Mr. Mark Loney:** I'm a grocer, and this is a sideline business.

**Mr. Alex Atamanenko:** Okay. Just so I understand, what exactly is the sideline business?

**Mr. Mark Loney:** Most of my sales are in exporting jam into the U.S. I'm an exporter.

**Mr. Alex Atamanenko:** You don't process it; you just export it.

**Mr. Mark Loney:** I have someone process it for me. The factory in southeast Saskatchewan does that. I have my own private label.

**Mr. Alex Atamanenko:** Once again, just so I am clear in my mind, what specifically are the stumbling blocks you're experiencing in this attempt to do that?

**Mr. Mark Loney:** The length of time is one, for sure. The fact that I can't have one label for both countries is another, and that the labels are almost identical. I think you have the sheet there. To me that is a huge cost.

**Mr. Alex Atamanenko:** There is also the cost when it seems that imported products don't have a problem, whereas you're having—

**Mr. Mark Loney:** This product here can sell the same day it crosses the border, right? And mine has to be.... It's going on a year now and I'm still not.... If I did this can of jam in the States, I could sell it tomorrow. I don't have to register the label. So if I made this in the States, I could sell it tomorrow; because I'm in Canada, I have to wait a year.

**Mr. Alex Atamanenko:** And you can export it to the States and bring it back and sell it here. Is that what you're also saying?

**Mr. Mark Loney:** Yes, I could do that and that would be legal. But right now I'm illegal. So I have a problem with that.

**Mr. Alex Atamanenko:** Thank you. So—

**Mr. Ronald Doering:** That problem was not with "Product of Canada".

**Mr. Alex Atamanenko:** Yes, I understand that.

Ms. Cruikshank, we've heard before—not necessarily in this round—testimony from local business people that they often have difficulty in stocking their shelves with local produce because of the distribution system. Can you comment on that, the fact that somebody who's close to a supermarket can't actually sell to the supermarket because of a distribution system, so the big players kind of take over?

•(1000)

**Ms. Jeanne Cruikshank:** Sure, I can comment. I think it's not quite on track with the "Product of Canada" topic, but it is an issue that does involve my members. Primarily, it comes down to food safety requirements in this country. To do so, we have central distribution. We do so efficiently, but there needs to be a tracking mechanism in place. And while logistically, yes, a farmer closer to the distribution centre may have some advantages, it is part of the system that regrettably—given the society we live in—is required to make sure those checks and balances are in place. Absolutely, the product we deliver to consumers has to be of the utmost quality and standards. If it were not so, then we would refuse that product coming in at the distribution centre and it wouldn't get to the consumer.

**The Chair:** Thank you. I'm going to switch over to five-minute rounds.

Mr. St. Amand, you'll kick us off.

**Mr. Lloyd St. Amand (Brant, Lib.):** Thank you very much, Mr. Chair.

Mr. Doering, I represent the riding of Brant, and although my questions would be ruled out of order, I would dearly love to ask you about Six Nations of the Grand River, the Aaron Detlors, the Leroy Hills, etc.

**Mr. Ronald Doering:** We can talk after this.

**Mr. Lloyd St. Amand:** Yes. It might be a long talk.

Ms. Cruikshank, if I may, you said in your presentation:

In other words, country of origin claims that are developed for the Canadian market must be compatible with those of our trading partners such that the relabelling of products would not be necessary.

You know, as we all do, that Canada is a trading nation. I'd just like you to comment if you're familiar with the practices in other countries. Where do we stand with respect to labelling vis-à-vis European countries, Australia, New Zealand, and of course the United States?

**Ms. Jeanne Cruikshank:** I think Mr. Loney has pointed out some of the issues that would benefit from harmonization. I'm actually going to defer to the label expert that I brought along, Bernie Leblanc, for such issues. I believe in many cases we're a bit more complicated, and certainly with the time issues it seems we're a bit delayed.

**Mr. Bernard Leblanc (National Labelling Resource, Canadian Council of Grocery Distributors):** There's still a lot of research to be done with other countries. Some countries have similar guidelines to ours. The U.S. has proposed new legislation for country of origin that doesn't go into the depth that we're discussing here today, so what they would develop still wouldn't be compatible with ours.

What we're concerned with is.... For instance, it would be 80% Canadian content in order to say "Product of Canada". If we're bringing in products from other countries, those other countries don't have any rules, so therefore they could be manufacturing a product—let's just say, for example, a product of China—that could have 40% Chinese ingredients and 40% ingredients from other countries, so there would be no compatibility. If we are going to venture out and change the rules, we need to make certain they are compatible, and that would be part of having a stakeholder committee that would look at all other trading partners.

**Mr. Lloyd St. Amand:** Ms. Cruikshank, you also indicated the necessity for a considerable transition time for the industry to comply with any new guidelines. Mr. Doering has suggested—quite rightly, I think—that the "Product of Canada" guideline could, as of tomorrow, move from 51% to 80% or even 90%. There is no question it could be done that quickly, but as far as the on-the-ground effect, what realistic timeframe would be required by the industry in order to comply with the new guideline?

**Ms. Jeanne Cruikshank:** The life cycle on the label is basically four to five years, but obviously there are different stages in the process.

I think one of the most important things to agree on is the definition of the label; then, as it's utilized, it will mean the same thing to consumers. So when we talk about the transition to minimize the cost, in some cases, depending on where we are in the label changes, we could do so quickly. But we really want to know that when we do so it will be a common definition, clearly communicated, with a level playing field, and industry will be able to minimize the cost of doing it so that it will not be passed on to our consumers in providing them with the correct information.

•(1005)

**Mr. Lloyd St. Amand:** And in terms of time...?

**Ms. Jeanne Cruikshank:** It would take four to five years if you were starting from base one. That's the life cycle, but people are at different stages in it. We very recently went through a huge transition with the nutrition facts tables and other issues, and labels are in the process all the time. I'm not saying it will take four to five years to change, but you'd like to be able to get four to five years out of the label when it's out there and not be required to do significant changes for your product.

**Mr. Lloyd St. Amand:** What are your thoughts or comments on a "Grown in Canada" label? Will that need to be regulated? As Mr. Doering has indicated, it could have been done by now by the sector itself.

**Ms. Jeanne Cruikshank:** We don't think regulation is necessary. I've been involved in pork nomenclature, beef nomenclature—issues that industry has changed very appropriately. We can move forward on that, again with a common definition. It will address some of the

products in our grocery stores. We need to do it as a collective effort and include the producers and consumers.

**Mr. Lloyd St. Amand:** You can do it, I understand that, but is there a groundswell to do it without big brother coercing you into it?

**Ms. Jeanne Cruikshank:** We're increasingly looking for something that indicates a product is totally Canadian, and "Grown in Canada" seems to have many of the elements that would capture that. It's a matter of working it through the system with the right players.

**The Chair:** Thank you. Your time has expired.

We'll move on to Madame Thi Lac.

[*Translation*]

**Mrs. Ève-Mary Thäi Thi Lac (Saint-Hyacinthe—Bagot, BQ):** Good day and thank you to all of the witnesses for joining us today.

The committee is in the process of reviewing labelling regulations. I would like all of the witnesses to answer a question for me. Should new regulatory standards for product labelling be mandatory or voluntary?

We agree that the "Product of Canada" designation should be reserved for products grown and produced in Canada. Mr. Doering, you spoke at length about increasing the percentage in the case of the 51% rule. Currently, the 51% does not apply to the content, but to the cost. You recommend the status quo in so far as the cost percentage is concerned, but what about the percentage of content?

[*English*]

**Mr. Ronald Doering:** That's simply because the 51% rule is based on cost, not content. It was never designed for food. It was presumably for something like importing T-shirts from Asia and then putting on some crests or doing some embroidery. If 51% of the costs are incurred here, you can call it "Product of Canada"—rather than the basic T-shirt or the cotton. If you want to have a direct impact, change that. If it was more than 80% or 90%, you'd probably cut out most of these things where people think that people have been misled.

As far as “Grown in Canada” goes, people use that now. There's absolutely no prohibition against using “Grown in Canada” now. In fact, it surprises me that people don't use it more. It's partly because of the integrated nature of our food system and partly because of our climate. But if someone had “Grown in Canada” on their label today and it wasn't grown in Canada, a single competitor complaint, a single consumer complaint, would go to the Food Inspection Agency. They have 6,000 or 7,000 people there. I am sure that somebody would be sent out to do one of their thousands of investigations. If it was clear that the product was not grown in Canada, they would take one of their many very significant enforcement powers to stop that. It happens every day.

I don't see any reason why you would have any mandatory rules about using “Grown in Canada”. If it's not grown in Canada, it's misleading; therefore under subsection 5(1) of the Food and Drugs Act you could stop its importation. You could seize and detain the product. You couldn't require a recall, but increasingly these days—and I spend a lot of time doing this—they end up talking to the big retailers and they have a product withdrawal, even though it isn't a public health problem.

So we have all the law we need to deal with somebody calling something “Grown in Canada” if it wasn't grown in Canada. There's absolutely no need for any regulatory change to deal with that.

• (1010)

**Ms. Jeanne Cruikshank:** We feel that labelling can be voluntary. Enforcement is possible under subsection 5(1). I think a voluntary approach is the way to do this going forward. It would take much longer and be more complicated and costly to do a regulatory change. We can do it, but we need some common definition so that we go forward with something consistently to consumers.

Does “Grown in Canada” include livestock, or only fresh fruit and vegetables? We need to make sure and be cognizant. Some provinces also have provincial rules around this. New Brunswick, for example, has “Grown in New Brunswick”.

As we go forward, I think there needs to be consultation with some of the parties involved to make sure we get it right. When we have a common definition, we should go forward with that. Once we have a sign-off on that common understanding, then it can appear.

It is often of equal value to consumers to know what the marketing and the definitions mean. There's cost in the label and there's also the promotion of it. That's a partnership with government once we have some common understanding of what this means. We need to work together through all the mediums possible to explain what it means. Then we're truly communicating something to consumers, so that they know what they're buying.

**Mr. Mark Loney:** I agree 100%. We in Canada are not the only ones who have problems. I have a jar of orange marmalade and it has “Product of the U.K.” on it, which is interesting. They have the same rules we do, I guess.

Voluntary is much easier than mandatory, and I think it could be covered.

**Ms. Jeanne Cruikshank:** I'd like to comment on the frustration of what Mr. Loney shared about time delays. It is not exclusive to small business. Within our membership we have considerable

frustration on the time delays as well as in getting labels registered. Sometimes it relates to the complexity of labels. Sometimes we're not sure what it relates to. This is not unique to small business. In fact, it is an issue in Canada that, as Mr. Doering says, in some cases impedes the innovation necessary to get products out there.

**The Chair:** Ms. Skelton.

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

It's been interesting this morning listening to your comments. I heard Mr. Loney say he would like to harmonize with the U.S. That's your labelling section. Am I correct?

**Mr. Mark Loney:** Yes, it would save me a lot of money. I think it would save the consumers a lot of money. Like I said, I also import. I sell jam in the United States and I bring things like ketchup back. I can buy this in the United States at close to half the price I can in Canada. Where do you think this is made? It's in Canada.

If you had the labels harmonized, I don't think Heinz would price-segregate the two markets. You have the same problem with fertilizer. You have the same problem with everything. A minor regulation brings a lot of cost to Canadians.

**Hon. Carol Skelton:** That's interesting. Correct me if I'm wrong, but I think Mr. Doering said that he didn't believe that the new labelling system was going to work, and that it would cost huge amounts of money. Am I correct in saying that on what the Americans are bringing in?

**Mr. Ronald Doering:** The problem is that he was talking about jam. Jam is unique. Jam, like meat, is unique. You have to get pre-market approval of that label.

**Hon. Carol Skelton:** Do you think that on jam the CFIA should harmonize with the U.S., as Mr. Loney is suggesting?

**Mr. Ronald Doering:** Interestingly enough, one of the reasons Americans prefer Canadian jam is that we have different standards for jam. We have to have a higher fruit content. One of the reasons they like it down there is that it's probably a higher-quality jam if it's made in Canada.

In going down this road—and this was what I was saying about the “Product of Canada”—be careful that you don't end up having all kinds of unintended consequences, where you're dealing with the quality of what you can call a jam, how much fruit, how much sugar, how much pectin, etc. On all those process product regulations—and there are literally thousands of rules about all that stuff—if you start to tamper with some part, you're going to run into another one.

I'm not justifying that this is about segregated pricing, and I'm certainly not here to justify undue delays for label registration. But when the CFIA comes back, Ms. Skelton, ask them if we believe any longer that it's appropriate to have pre-market approval for jam labels. If the answer is no, then there's no argument for doing it. That would require a change, but it would mean there would be no more pre-market approval. It would then be like all the other products: if the label didn't comply with Canadian law, a competitor or a consumer would complain and the Food Inspection Agency would carry out an investigation. If it was a bad label, they would require compliance.

•(1015)

**Hon. Carol Skelton:** Mr. Loney, I want to ask another question. You expressed concern about changing the percentage of a product. If we changed it from 51%, would that affect your business?

**Mr. Mark Loney:** It might. It would never affect saskatoons, because the only place that saskatoons come from, I believe, is Canada. In other issues, say with raspberries and strawberries, the factory I buy from buys all they can from Canada, but sometimes they can't always get the berries from Canada because of the market situation or they're not available.

My problem would be, well, maybe a lot of the time, or most of the time, the raspberries would be from Canada, but if the factory can't get them, do I then have two labels? Would one say that it's a product of Canada and another one say it's not a product of Canada?

As you said, Canadian jam is better than American jam. One of the things that makes it good is the fact that I can put "Product of Canada" on the label.

**Hon. Carol Skelton:** So these are saskatoon berries then.

**Mr. Mark Loney:** Those are the blueberries.

**Hon. Carol Skelton:** But you do saskatoon berries. Last year there was frost, and we had problems with the saskatoon berry crop in Saskatchewan. So you manufacture saskatoon berry jam too.

**Mr. Mark Loney:** Yes. But I don't do the processing.

**Hon. Carol Skelton:** No, they do that in Southey.

**Mr. Mark Loney:** Yes.

From what I understand, when you go not much further than, say, Minnesota south, they don't actually know what a saskatoon is. So it's basically a Canadian product; it has to be.

**Hon. Carol Skelton:** You would really like to see CFIA then harmonize their system of labelling with the U.S. to try to solve all the problems.

**Mr. Mark Loney:** Yes. My idea—maybe it's the same idea you have—is that you don't need to make all the labels harmonized all at once. I think one label would be enough and maybe people would start thinking about it.

You probably know this more than I do, but for vitamin C, the daily recommended intake in the U.S. is, what, 310 milligrams? It's different. In Canada it's 300 milligrams. What's up with that? Flip a coin and say it's 300 milligrams or it's 310 milligrams. It makes no difference, because it's still 2%. Or split it in the middle, at 305 milligrams.

**The Chair:** We're going to move on to Mr. Lauzon.

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

Thank you to all our witnesses for coming today. It's a rather interesting conversation we're having here.

The whole idea here, when the minister commissioned or struck out on this study, was to make this work for Canadians, make it work for the Canadian consumer and for the producer. You know, everybody around here says we have the best food in the world and the safest food in the world. I think we continue to say that and I think it continues to be true. We have a system that has some problems, some grey areas and confusion, and I guess the minister wants to straighten that out.

Mr. Doering, you talked about easy solutions. One of the things I agree with you on, 110%, is "Grown in Canada", and doing this in a voluntary way. As I was just saying to someone a few minutes ago, I can't believe we're not there already. I think this is probably the greatest marketing tool the marketers would have, "Grown in Canada". When I go into a supermarket—very rarely, but when I do go...or when my wife goes, hopefully she looks for Canadian-made products. Sometimes, when you get the damn thing home, you realize that it really isn't made in Canada, and that gets pretty frustrating. So we have to get that straight, there's no question about that.

The other thing that I think you said is that it has to be simple, and I agree with that.

To Ms. Cruikshank, let's say it was decided that 95% of a Canadian product had to be Canadian. In other words, if you had a whole chicken and it was grown in Canada, produced in Canada, it could be called Canadian. If you had a chicken pot pie, as you suggested, and it had different ingredients from...then it wouldn't be called Canadian. Would the people in your industry agree with that, grosso modo?

•(1020)

**Ms. Jeanne Cruikshank:** I think at first blush that seems to be on track, but again, as Mr. Loney pointed out, it certainly is more complex with a multi-ingredient product because of the sourcing of it, the seasonality, where you get it from. Chicken may not be the best example because it's a supply-managed product, so obviously there's a Canadian domestic product. I guess the issue really, when you say 95%, is that the content—

**Mr. Guy Lauzon:** We have to make some allowances for seasoning, etc.

**Ms. Jeanne Cruikshank:** Does it also include the packaging?

**Mr. Guy Lauzon:** Well, no.

**Ms. Jeanne Cruikshank:** Is it taking what we think we can work with presently and upgrading?

**Mr. Guy Lauzon:** Just to clarify that, I don't think it should mean the packaging.

**Ms. Jeanne Cruikshank:** Okay. I think we would certainly be more in support of it being the content of the food. But again, if that's what's agreed, then consumers need to also understand that's what is agreed.

**Mr. Guy Lauzon:** Now, you probably know this as well as anyone. Would the people who come to all your member stores not choose Canadian, all things being equal and the price being relatively close? What percentage of your customers would choose Canadian?

**Ms. Jeanne Cruikshank:** It's a very good question. It honestly is one that we're not sure of. I think in surveys, absolutely, people indicate that's what they would like to do. Whether or not when they have many things going on and there are 30-second purchasing decisions being made at the grocery store, if it's marketing appeal or something else, or their kids are getting to soccer, we can't really give you a number that translates.... Certainly there's a predisposition to do it, but honestly, we can't translate it to action.

**Mr. Guy Lauzon:** But it gets back to what Mr. Doering said and what Mr. Miller said. It has to be simple and it has to be truth in labelling. In other words, let's say you had a stamp of the Canadian flag on there and that made it whatever the target is, 95% Canadian. I could go in there and I wouldn't even have to think about it. If I see the flag, boom, it's Canadian, I'm having it. That's the one I have. Maybe the other one has a U.S. flag or whatever, but I could very quickly make that choice without having to think about it, without having to go and read the back, or as Larry says, read the little booklet that comes with the can. We have to make it simple and we have to make it Canadian. Would your organization buy into that?

**Ms. Jeanne Cruikshank:** I certainly would hope so, that that's what Canadians would support. It's certainly what we strive for now.

I hope we could get you into the grocery stores a little more, to comment, than you are now, and you'll see more of that and be inclined to purchase it.

**Mr. Guy Lauzon:** Well, don't worry. Obviously I don't suffer from malnutrition or anything; somebody buys the share of food for me. But the truth of the matter is that what we're trying to do here is look after the Canadian consumer, as I said in the beginning, and the Canadian farmer, the Canadian producer. If we were to follow that, would the Canadian producer not win, and would the Canadian consumer not have a simpler method of buying his or her food?

**Ms. Jeanne Cruikshank:** Absolutely. It's a win for everybody. Canadian companies are addressing what Canadian consumers want—

**Mr. Guy Lauzon:** Thank you. I don't need to hear anything else. Once you said it's a win for everybody, I think that's great.

Thank you.

**The Chair:** Good.

Mr. Easter.

**Hon. Wayne Easter (Malpeque, Lib.):** Thank you, and thank you all for coming.

Ron, in your response to a question from Ms. Thi Lac, you basically said this "Product of Canada" issue was never designed for food. Do you mean to say that in this country we are continuing to

use product definitions—well, we are, there's no question about it—that were designed for industry and not for food?

**Mr. Ronald Doering:** Yes.

**Hon. Wayne Easter:** We're not at this committee looking at the labelling issue as such. We're hearing lots on it, and we're learning some things we're amazed by.

There's no question that I like the idea of your quick solution. However, I think the problem we have with it—and I think we're all on relatively the same wavelength on the committee—is that we're trying to get to a definition that defines the product itself. When somebody buys a product of Canada, you assume in your head that it means what is in the package, not the costs related to all the peripheral issues around that product packaging.

So from your perspective, how do we get there? I understand exactly what you're saying. This could be done quickly by putting up the definition to 80% or 100%, or whatever. However, from your perspective, what would have to be done, and how complicated and lengthy is the process to change the definition to target specifically the content?

**Mr. Ronald Doering:** Thank you.

First of all, on those 35,000 SKUs, we're only talking about a few hundred SKUs out of that vast array of what you'll get in a supermarket that actually deals with this "Product of Canada" issue.

So let's drill down now to where this is really relevant. Let's take juice. You have a really good Canadian company reasonably close to that lady's riding, I believe. That's a good Canadian company; they do apple juice. To the extent they can, they're using Canadian product as much as possible; however, during the wintertime there may not be enough apples. So they need the ability to access concentrate or juice from other countries and still be able to keep on producing. We don't want to put that good Canadian juice processor out of business. That's why you don't want to go with 100%. A lot of juices, in fact, are accessed from a mixture of various fruit juices. There aren't a whole lot of other products other than apples that you can make juice from, so that's why my point about the law of unintended consequences. Be careful.

If you say it was made at 80%, that it had to be Canadian content—let's say that—then for that good Canadian juice company, they may be able to keep on being a product of Canada and buying Canadian apples. As you know, most Canadian apple growers have gone out of business because you can't make a profit with it. It would be a shame if your actions resulted in putting even more people out of business.

So let's say it was 80%. They may be able to do apples and still be a product of Canada, because they don't want to be in the position of saying, well, during January we access some apple juice from another country and now we can't call it a product of Canada. So they would then be on the same footing as a product that was completely produced in China and shipped here, and there were no Canadian jobs related to it.

So if you pick a number like 80% or 90%, you can deal with those few cases where people are relying on the old Industry Canada rule to say this is a product of Canada, because basically if you look at our costs, after the transformation, we meet it. These people couldn't any longer.

• (1025)

**Hon. Wayne Easter:** The problem there, though, Ron, is that we're still dealing with the percentage of costs. I won't quibble with your argument that sometimes you have to put another product in. But what we're seeing here, especially in the apple industry, is that our producers are being driven out of business. We're seeing the tender fruit industry—and we have that microclimate in only a few places in Canada—basically go out of business to a certain extent because our plants can't compete. We don't want to lose that production base or those producers. So we had to weigh off that factor that you talked about.

I don't like the definition because it's dealing with costs. How do we get the actual product in the package or in the can or whatever it may be? What do we have to do there?

**Mr. Ronald Doering:** If the rule was that it had to be 100% Canadian product—

**Hon. Wayne Easter:** I don't want to get into a discussion on whether it's 100%, 80%, 60%. I want to move away from percentage of costs of the total package and content. What do we have to do to define what exactly the contents are? We will deal with the percentages on that when we get there, but what do we have to recommend to get to the content itself?

We may have to go to two steps. One is that we do what you were saying in the short term—go to 80% under the Industry Canada rule.

The second is in the long term, because it's going to take two years to do it. We may have to recommend to get to specific content itself.

• (1030)

**The Chair:** I'd just ask that you provide a very brief response.

**Mr. Ronald Doering:** This juice company I'm talking about is a good Canadian company, a longstanding Canadian company, with headquarters in Quebec. A product of Canada is any product that is entirely Canadian or whose main ingredients, 80%, are of Canadian origin and for which all process or manufacturing conditions and packing are carried out in Canada. If you're not using 80% Canadian content, then it is prepared in Canada.

**The Chair:** Thank you.

Mr. Storseth.

**Mr. Brian Storseth (Westlock—St. Paul, CPC):** Thank you very much, Mr. Chair. I'm tempted to share my time with Mr. Easter. Talk about four to five years being a long time to do anything; it's taken 13 years, but he's finally starting to come around on a few of these issues.

Mr. Doering, I really appreciated a lot of what was said here today at the committee.

Mr. Loney, our hearts go out to you in the frustration you've experienced through all of this. NAFTA labelling seems to be something that we're moving towards, and it seems it would take care of a lot of these issues.

If we had NAFTA labelling, do you think that would be one of the ultimate solutions to the problem you're experiencing?

**Mr. Mark Loney:** To me, a simple solution regarding labelling would be to let the Canadian government make this NFT up. I think the United States is moving towards it, and I think Mexico already has it. It could be done. You could just copy and paste off...

I know when I do the lab analysis that the calories are 60 and the total fat is zero. Let them plug all that stuff in. I don't have to worry about leading or fonts or all that stuff.

This system is made for big business, not small.

**Mr. Ronald Doering:** The big business/little business thing is really complicated. You'd have to take another whole session on that. Let me say, though, don't hold your breath for harmonization. It's not going to happen anytime soon. I can tell you, from the five years I was president of the food inspection agency, what the Americans mean by harmonization. It means do it their way. In the United States, they have no interest in changing their labelling regime to accommodate Canada in some way. Let's face that.

There's not going to be any harmonization anytime soon, period.

**Mr. Mark Loney:** How come they let me put all this French on here, then, and the metric volume? The only thing the CFIA is upset about, basically, is the 20 grams.

**Mr. Ronald Doering:** That's because in the U.S. they don't have pre-market approval for these things. The solution is easy; the analysis is complicated.

**Mr. Mark Loney:** But the FDA samples this product. They've sampled it twice and they've said 100%. It's FDA approved, right? I think someone should be talking to them. It was a lady in Minneapolis at FDA who said, "You can put all the French on it you want."

**The Chair:** Just remember this is Mr. Storseth's time.

**Mr. Brian Storseth:** Mr. Doering, I do agree with what you're saying and the fact that we don't need more laws and more regulations to tie the hands. There are always unintended consequences when you start changing these things. That's the reason it takes four or five years to get anything done, because you're trying to flesh out as many of these unintended consequences as you can. I believe we need to make it simpler.

We've talked to many witnesses who have come before us, through industry and all other aspects of life here, and one of the things that keeps coming up is that we need to work within what we already have. "Product of Canada" is something that does have a brand. Maybe we need to change, as you said, some of the aspects of it—whether you make it 80% or 70% or whatever. That's the quickest way to actually get something done on it.

I want to go back to this whole "Grown in Canada" issue. I was a little surprised. It's the first time we've really heard it, but what you said absolutely makes sense. You can use "Grown in Canada" if you want to right now. There's nothing prohibiting you from doing it, and you would have to have truth in labelling if you wanted to use "Grown in Canada".

Do you really see the need for the government to get involved and intervene any more in the discussion on “Grown in Canada” versus “Product of Canada”?

**Mr. Ronald Doering:** I do not at all. In fact, I read what the Federation of Agriculture said. They seemed to be saying we should leave “Product of Canada” alone, but we should have “Grown in Canada”, and they're seeking funding from Agriculture and Agri-Food Canada. That's what I saw. I don't want to be unkind, but if you look at the National Farmers Union, they passed a resolution that we should have a “Grown in Canada” arrangement here. They recommended it to the National Farmers Union, not to the Government of Canada.

The Foodland Ontario arrangement with Ontario is not regulated. The people in Ontario got together on what they wanted to have for promoting Ontario product.

Where you'll have a problem is with things like meat, for example, and this is the problem about the local supplier. No meat can cross a provincial boundary or a federal boundary without it being federally registered; therefore, you're stuck with hundreds of pages of the manual of procedure, etc. That's why a guy south of Saskatoon can't sell his meat into the supermarket in Saskatoon. There's a good reason for that, though. As you probably know, if you're in Saskatchewan, there's no meat inspection. You can raise an animal, slaughter it, sell it, and there's no government role whatsoever. Ontario doesn't want that, so we can't have Saskatchewan uninspected meat going into Ontario. That's a whole other issue. You have to segregate these issues out and not get them mixed up together.

• (1035)

**Mr. Brian Storseth:** Exactly.

Thank you.

**The Chair:** Thank you. Your time has expired.

Mr. Steckle, the floor is yours.

**Mr. Paul Steckle (Huron—Bruce, Lib.):** Thank you very much. I'll have to ask to be excused. We have a lot of students coming to Ottawa these days and they're very important to members of Parliament.

I found your presentations very interesting. We found many of them interesting, but I was particularly enamoured of Mr. Doering's comments. I could almost give an “amen” to everything you had to say. I'm sure there were places where we might have some differences, but much of what you said goes right to the core of what we've come to do—to do something as expeditiously as we can, as quickly as we can, and with as little government red tape as possible.

We know that labelling is important, particularly during these difficult times in agriculture. Perhaps never in history have we experienced, particularly in the red meat industry, such difficult times. We know what Canadians will do. Canadians expressed their appreciation for the safety of our food supply during the BSE crisis. Nothing could come close to giving us the kind of feeling we had when Canadians clamoured for Canadian beef during that time.

I think we need to move quickly. I believe the Canadian brand should be a new branding that denotes the safety of our food supply through CFIA, PMRA, Health Canada, and Agriculture Canada. All of these agencies have given assurances. Canadians have that. It's one thing that Canadians truly believe in. They have assurances: when a product is Canadian and they know it's Canadian, they will buy it. We need that brand, and this is where government needs to become involved. We should sell that idea to Canadians and promote Canada. Let's become salesmen for our country, as provinces and certain regions of our country have done.

I want to know from all of you what you think about that whole idea of a Canadian brand. I'm not even sure that we need to change the 51%. At the end of the day, it's not going to matter a whole lot if we continue with the “Product of Canada” label. When it says “Product of Canada” now, we may need to do some promoting to tell Canadians that it may not necessarily be a product of Canada in its entirety. We know that the one brand is the best we can do. The quickest way we can do it is by taking your advice, staying away from regulations, and moving quickly towards making these changes.

I'm wondering whether we have consensus or whether there's a difference of feeling about this. Jeanne, I know you're in the marketing in a different level, in a different way. Certainly, Mr. Loney, I sympathize with what you've had to go through. We're seeing it with PMRA and in many other areas.

Those are my comments. So take it away. Take whatever time we have and tell us. We need direction quickly, to move forward. We've been here 12 years. Mr. Doering and I go back 12 years, maybe longer. I'm not going to be here 12 years from now, but I'd like to see something happen before I leave this place.

Mr. Loney.

**Mr. Mark Loney:** The more we can wrap the flag around our products, the better. If the processors process it but can only get 60%, they should still be able to put “Product of Canada” on it. That's wrapping the flag around it. Even 51%...leave it as it is now. But at the same time, put “Grown in Canada” so that you know what's inside the can. If someone wants to wrap the flag even more, you could have a Canadian flag on it or “Grown in Canada” to show us that it's even more Canadian. Then publicize that. Get it to Canadians so they know the difference between “Product of Canada” and other labels. I think Ron has it dead on. I don't disagree with anything.

• (1040)

**Ms. Jeanne Cruikshank:** I'd absolutely agree. But the critical thing is consumer awareness. We need to make sure that what we think is the right thing is being perceived the same way by consumers in respect of the marketing and branding of the products. Our industry is about supplying to Canadian consumers what they want. We believe they want Canadian product, but we need to make sure they're understanding what this brand means to them. So I think consumer awareness is a critical component.

**Mr. Ronald Doering:** Mr. Steckle, I said there was a two-step easy process. One, I would move the 51% higher to get rid of those egregious cases, like where people brought the famous jar of garlic. So if it had to be over 80%, it would probably be harder—that kind of business.

The fish example was a good one. Fish caught in international waters, filleted in China, and brought to Canada, which assumed all the main production costs, should maybe still be a “Product of Canada”, certainly not a product of any other place.

The second step is to encourage the Canadian producers to do it. As I say, “Just do it” .

**The Chair:** I think your time has actually expired. I'm so sorry.

Before I turn it over to Mr. Miller, I just want to ask a question. If any of the witnesses are familiar with Bill C-51, they will know that in the amendments to the Food and Drug Act, section 5 is looking at truth in labelling, particularly making it more specific to food and talking about origin of food.

Are there any comments on unintended consequences, as you've already talked about, Mr. Doering, and how they might impact upon the industry? I think Madame Cruikshank has some comments on that as well.

Mr. Doering.

**Mr. Ronald Doering:** I'll just say that I've done a varying cost of analysis of it for more than one client. The next “Food in Canada” article is on this point.

All they've really done to section 5 is clean it up and add “and import”, so now it's going to be much harder to import food. There will be a much higher onus on food importers than there formerly was, because now it's a criminal offence to import food that doesn't comply with the mislabelled, misbranded one. So companies are going to be far more careful. Most companies are. Most companies I act for, for example, actually have people out there determining where the 32 ingredients in a frozen pizza actually come from and getting supplier warranty agreements. This has been working its way through the system on the tracking side. So Bill C-51 is not going to change this significantly, but it could affect importers principally.

**The Chair:** Madame Cruikshank.

**Ms. Jeanne Cruikshank:** I defer to Mr. Leblanc.

**Mr. Bernard Leblanc:** I agree with Mr. Doering that the changes they're proposing would strengthen the import part, but the regulation the way it's written would still apply to Canadian products and still allow us to look after the products that would be misleading.

**The Chair:** We talk about country of origin, but really I think what most witnesses have been saying is that they want to know what is Canadian, not necessarily what all the components are of the various food products and the countries they came from. But they want to identify, one, if it's prepared or made in Canada, and two, if the majority of the content is Canadian or qualifies for this “Grown in Canada” voluntary label.

If we do decide, as a committee, to go down the route to look at a content of 50%-plus, or maybe even 75% or 80% Canadian content,

we're essentially saying we've got to make a number of regulatory changes to do that. Or can we do it just through policy directive?

**Mr. Ronald Doering:** You need no regulations.

**The Chair:** To just change content.

**Mr. Ronald Doering:** Yes.

**The Chair:** Okay, sounds good.

Mr. Loney.

**Mr. Mark Loney:** I have a quick comment.

I was walking around last night, and I was at the Irish store. They have Irish food there, and they're not compliant. So I'm wondering how this law would affect a store like that and small businesses like mine that import ketchup made in Canada but labelled in the States. I relabel it, but am I going to be in a lot of trouble now? Or will the small business selling Irish tea that doesn't have the French or the proper nutritional facts table not be allowed to do that any more?

**The Chair:** That's one of the questions we're going to have to ask officials on Thursday.

I think Mr. Leblanc wanted to get in. You had a comment?

**Mr. Bernard Leblanc:** When you mentioned “Product of Canada” or “Prepared in Canada”, when we spoke of a two-tier system earlier, we were talking about something that's 100% Canadian. I think we all agree that all the ingredients are from Canada. But when we're going to products that are 70%, 80%—whatever would be decided if we're going to change it—if we continue to use “Product of Canada” to describe these products, I think we're going to have to do a lot of consumer education. Are consumers going to continue looking at products that say “Product of Canada”? How are they to know the difference between the two products, “100% Canadian” or “Product of Canada”? Are we looking at “Prepared in Canada”, “Processed in Canada”? I think we have to keep our minds open to what kind of term we're going to use on products to indicate those products that are prepared in Canada with Canadian and imported ingredients.

•(1045)

**The Chair:** One of the suggestions that came out of some surveys that were done by some other organizations is that when people say “Product of Canada”, they expect close to 100% Canadian, not the 51% cost factor that we have today. So there's already a misinterpretation of the rules as they apply today.

**Mr. Bernard Leblanc:** As far as the survey is concerned, I've been reading the notes from the committee, and I'm not sure whose survey we're using. I think we mentioned—Ms. Cruikshank mentioned earlier—that we need to know what Canadians' understanding of these claims is and whether a survey is needed before we move forward. If a committee is formed to look at what we're going to do for labelling in Canada, we need to know what consumers understand and what that claim means to them. I don't think we have a true survey yet that represents what Canadians think.

**The Chair:** If we're going to be looking at education of the consumer base, what are your recommendations? Should that be done through point of sale advertising and education, or advertising through the media? What is the best and most effective way to do it?

**Mr. Bernard Leblanc:** We should use all forms.

**Ms. Jeanne Cruikshank:** We need all of the above, but I think we need to start from a baseline. You're accurate in saying we believe there's a misperception out there. We need to really know what the common impression is and see what we need to move to. Point of sale, Internet, and media—all those forms reach consumers in different ways. We need an overall consumer awareness campaign to give them the information so they can have the best understanding.

**The Chair:** Thank you.

Mr. Miller.

**Mr. Larry Miller:** Thank you, Mr. Chairman.

When Mr. Bezan asked his first question he pointed out the real issue here. Contrary to what you said at the start, Ms. Cruikshank, it's not about country of origin; it's about identifying Canadian content, Canadian products, whatever. That's what the consumer wants to know.

If there's any one thing I've seen today, we all know there's a consensus among consumers that we need some changes. Certainly it's in the agricultural end of it, where I come from. And I think there's a consensus around this table as a committee that we need some changes in this country. I'm not convinced there's a consensus among the witnesses that change is really wanted.

But one thing I have noticed here today from all of you is that whatever changes are made—and I think they're inevitable—they should be simple, and I agree with that. Mr. Storseth commented about government involvement and that it gets so confusing. What also complicates it is that every few weeks or every month in the House of Commons somebody brings forth a private member's bill on labelling. We're dealing with one right now concerning genetically modified labelling. This complicates things and adds extra costs.

At the end of the day, the consumer really wants to know about Canadian content so he or she can make that choice. I think that's the thing.

When it comes to simplicity, Mr. Doering talked about 80% or 51%. Mr. Bezan and Mr. Easter really touched on this. It's about getting away from the packaging being part of the cost. To me there has to be a minimum of 51% content in there; anything less than that and you're in a minority situation. I think the consumer wants to know that at least a majority, if not all—which is even better—is there.

So in a nutshell, how do we make that simple? Do we stick with "Product of Canada", the way we have it now, but change the rules of anything that qualifies under it and keep it simple?

Mr. Doering.

**Mr. Ronald Doering:** If I were you I'd put it to 80%. That way at least 80% of what's inside would be Canadian, but it would allow for the flexibility necessary to be able to have Canadian companies source from other places and still have it be a product of Canada—not have to abandon it altogether.

The other problem with it is the premise that consumers know so much more. I grew up on a farm, and we knew that veal came from

calves, whereas I had a client the other day who didn't know that. Most people are so urbanized now they probably know much less about their food than we used to. Secondly, of course, most people are scientifically illiterate, so you could count on one hand the number of people who can actually understand these labels. So we face a major communication problem.

• (1050)

**Mr. Larry Miller:** I don't want to debate whether 80% is the right number or not, but I'm going to be the devil's advocate. If 51% were the magic number instead of 80%, 49% of the product could be Canadian—or even 70%—yet still not qualify. By making the number that high—and I'm not opposed to it in principle—some manufacturers in Canada could lose out on that end of it.

Do you have any comments on that side of it?

**Mr. Ronald Doering:** There's a misunderstanding here. Something could have only 1% Canadian content and still be a product of Canada, as long as the cost of putting it to market exceeded 51%. That's why I think it's best to say that a certain percentage has to be Canadian content, and 80% or some other figure should be used, in terms of the cost of production.

**Mr. Larry Miller:** So your 80% includes the cost, including the packaging?

**Mr. Ronald Doering:** That is what the 51% is. It's the cost of production.

**Mr. Larry Miller:** I totally disagree. I don't think the manufacturing costs or the packaging should have any—

**Mr. Ronald Doering:** That's why you want to make it higher. You achieve the objective by making it that much higher.

**Mr. Larry Miller:** I thought you wanted 80% content, but you're saying that 80% includes the packaging costs and the processing costs. Am I misunderstanding you on that?

**Mr. Ronald Doering:** Any product, entirely Canadian, the ingredients of which are 80% Canadian origin, and for which all processing, manufacturing, and additions were done in Canada should be "Product of Canada". That is the standard this really good Canadian juice company uses. It seems to me that you could put that in the Industry Canada guideline that the CFIA puts in the "Guide to Food Labelling" and you'd have yourself a standard. You'd get rid of the egregious problems. You'd get rid of the ones about which people say "This is outrageous".

**The Chair:** Thank you, Mr. Miller. Your time has expired.

Monsieur Bellavance, Madame Thi Lac, do you have any supplemental questions?

[Translation]

**Mr. André Bellavance:** Thank you very much.

I would like to come back to several comments that you made, Ms. Cruikshank. Earlier, you talked about the confusion surrounding some of the testimony presented to the committee. Perhaps we are somewhat to blame for that. I spoke about food safety. In the case of labels bearing the “Product of Canada” designation, you maintain that a distinction must be made and that such a designation does not guarantee the safety of food products.

However, as Mr. Bezan pointed out, several bills are currently in the works, specifically bills C-51 and C-52, and these will be examined shortly in committee. I'm not sure which committee will have the honour, agriculture or health, but that's not important.

Let me explain why we associated food safety with product labelling. I confess that I'm guilty of linking the two as well. You have to understand that over the past three years, the Canadian Food Inspection Agency has ordered at least 50 food product recalls. The fact is that when the provenance of the products was checked in the case of recalls for health reasons or for salmonella contamination, various types of bacteria were discovered in the products. In some instances, glass or metal was found in the products. The recalls involved black pepper from Pakistan, cantaloupe from Honduras and spinach from the United States. For the consumer, the “Product of Canada” designation provides a measure of safety. Of course, it is not a 100% guarantee that there will not be a problem with the product. For me as a consumer, when I see a product from Canada, whether processed or fresh, I am confident that this is a good product, one that I can buy with confidence.

[English]

**Ms. Jeanne Cruikshank:** I guess I'm going to turn some of this to Mr. Leblanc to answer in French as well, but I would certainly say that salmonella and pathogens and things like that regrettably don't have passports, so it is not something that Canada is immune to, and it is part of our food retail situation.

Certainly the Canadian Council of Grocery Distributors deals with it. We're the first ones contacted by Health Canada on these food recalls. There are many of them for a variety of reasons. And I think Canadian consumers, as we all understand, understand the Canadian system to be one that has some of the safest food in the country....

We also have global appetites, so when we aren't producing the product here in our own country in season, we do source from elsewhere. So the issue I think really is one of the importance of differentiating between quality—which we certainly are very capable of producing in Canada—and safety, the food safety reality. We certainly believe there's an additional insurance in Canada, but we're never complacent about that issue.

Bernie, do you have anything to add?

• (1055)

[Translation]

**Mr. Bernard Leblanc:** No, I think you've covered it.

There is no question that consumers will have more confidence in Canadian products when they do their shopping and that they may even think that imported products are of a lesser quality.

You mentioned the number of product recalls. If we look at the number of recalls of imported products versus recalls of Canadian

products, there may well be reasons why imported products are often involved. Often, six months later, the same product from the same country is the target of another recall. In my opinion, even though we are not here today to discuss that particular topic, the penalties or consequences for non-compliance with our standards are not harsh enough in the case of imported products that are recalled.

**Mr. André Bellavance:** Perhaps the bills that we mentioned earlier will address this problem. In any case, we will look at this issue closely and take the appropriate action.

In order to reassure the public about the safety of food products, would you be in favour of reciprocal standards? For example, if products such as pesticides or herbicides are banned here in Canada, then similar products from another country should not find their way onto store shelves. If the Americans use a particular pesticide that is banned here in Canada, then why should products treated with this pesticide be allowed into this country? This is the kind of problem that the Agency encounters on a regular basis, but bringing in strict standards to deal with this issues appears to be a very complicated process. Canada does not close its borders. However, while it's unfortunate if certain products banned here in Canada are used elsewhere, those countries that do use these products will need to comply with our standards if they wish to continue shipping their products to Canada.

Does your agency favour this course of action?

**Mr. Bernard Leblanc:** I think so. If the product is not deemed acceptable in Canada, then we must have a level playing field. Consumers are not in a position to tell which products do or do not contain certain substances. Consumers have the right to be confident that a product meets our standards.

[English]

**The Chair:** Thank you. The time has expired.

Mr. Atamanenko, I have time for one brief question.

**Mr. Alex Atamanenko:** Very quickly, three terms that have been discussed are “Prepared in Canada”, “Product of Canada”, and “Grown in Canada”. It's my understanding, Mr. Doering, that you were saying if we keep “Product of Canada”, all costs and 80% of the ingredients should be Canadian, and that would cover it.

There's also the fact that if we keep things as they are for “Product of Canada” and then had something that said “Grown in Canada”, that would then cover the Canadian content. I'm not sure how practical this is, but, for example, say we're producing apples and all of a sudden we're producing juice with Canadian apples. We keep sticking on “Grown in Canada”. Then we run out of Canadian apples and we use other apples. On those cans we'd put a label on that doesn't say “Grown in Canada”—just switch one label.

Is it practical to do something like that and conduct a big publicity campaign, forget about the surveys and just let people know that if it's grown in Canada it's in big red letters or has two flags or something? Would that solve the problem we're discussing?

Are there any comments?

**Ms. Jeanne Cruikshank:** I believe "Grown in Canada" is probably exclusive to fresh fruit and vegetables, and maybe livestock. That's why we proposed "Made in Canada" and "100% Canadian". There need to be three different criteria to address the categories.

**The Chair:** Thank you very much for participating today. We really appreciate the testimony. It's going to help us in putting together our final report to the House of Commons and to the

government. We're getting near the end of this now. On Thursday we have government officials back in here to talk about what we've heard from witnesses. We really appreciate it very much.

I'll entertain a motion to adjourn.

• (1100)

**Mr. Larry Miller:** Mr. Chair, I just want to say that this meeting has been one of the most educational we've had of all of them, and I'd just like to thank the witnesses for that.

**The Chair:** Thank you, Mr. Miller.

We have a motion to adjourn by Ms. Skelton.

We're adjourned.

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