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EVIDENCE

**Thursday, March 5, 2009**

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**Chair**

**Mr. Larry Miller**

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Thursday, March 5, 2009

•(1110)

[English]

**The Chair (Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC)):** I call this meeting to order. I believe we have a quorum. We're 10 minutes late getting started, so if it's okay with everyone, we'll extend our meeting to 10 minutes after one.

Mr. Bellavance, go ahead.

[Translation]

**Mr. André Bellavance (Richmond—Arthabaska, BQ):** Mr. Chairman, I just wanted to make sure that we would be setting some time aside at the end of the meeting or during the meeting to discuss motions. In particular, I would like to discuss one of my motions today.

[English]

**The Chair:** Mr. Bellavance, that was going to my next suggestion, that we go to 10 after one in total, and that at approximately 20 to one, we'd spend the last half hour on motions, if that's okay with everyone.

I'd like to thank all of our guests for being here today. Thank you very much. We'll try to get started here. If we could keep each organization to 10 minutes or less, we would really appreciate it. If you have anything further to add at that point, you can always do it in questions.

With no further ado, I guess I'll call on the Canadian Pork Council. Mr. Rice, are you leading off, or is it Mr. Preugschas?

Mr. Preugschas.

**Mr. Jurgen Preugschas (Chair, Canadian Pork Council):** Thank you very much to the committee for inviting us to attend. I'm Jurgen Preugschas, the chair of the Canadian Pork Council, and with me today is Martin Rice, our executive director. We do appreciate the opportunity to speak to you as our producers continue to battle the unprecedented period of losses we've been sustaining on our farms.

We're into our third year now in an ever-changing set of shocks that is coming to our industry. While the crisis started and was set into motion by the rapidly rising exchange rate and the high feed costs, those particular variables have moderated now. Unfortunately, they have been replaced by the whole global economic crisis, which is reducing access to credit. Then in addition, of course, there is the U.S. introduction of mandatory country of origin labelling.

As our sector relies on exports so strongly—in fact, two out of three hogs born in Canada are exported either as live hogs or as pork products—our sector is especially susceptible to global shocks.

We do want to thank the committee for paying attention to the livestock sector during this very difficult time, and we thank the government and the parties who allowed the legislation for the advance payments program, which did help us through the short term. We do thank Minister Ritz for recently announcing the stay of default on those advances and for providing us with more time for repayment. We're quite sure that we'll find a suitable repayment period for that.

We also appreciate the cull breeding swine program. Even though a downsizing of the industry is always difficult, this did allow producers to leave the industry with dignity.

And we have downsized a lot more than the cull breeding swine program anticipated. We've had a lot of producers leave the industry, and the numbers are there to prove it. The Statistics Canada numbers are showing dramatic decreases in the past two years. They show 13.7% fewer farms reporting having hogs in 2009 than the previous year, and 11.3% fewer in 2008 than in 2007. So you in fact have 28% fewer farms across Canada reporting having hogs now compared with January 2006. The hog inventories are down 10.2% from January of last year and a full 18% down from two years ago. These are really significant decreases.

Today we want to remind this committee that while we're trying to remain optimistic about our long-term potential in the Canadian hog sector, it really is increasingly difficult to be prepared for and to manage the shocks that continue to hit us, which are outside of our control.

The most pressing of these shocks right now is COOL, and I'd like to pass over to Mr. Rice to speak on that.

**Mr. Martin Rice (Executive Director, Canadian Pork Council):** Thank you, Jurgen.

This committee certainly is aware of what country of origin labelling is. In terms of U.S. legislation it is something that originates in the 2002 Farm Bill.

We were quite content with the final rule that the U.S. administration published in December—that would be the former administration—because it did introduce some additional flexibility. We weren't saying that this was it, we'd never worry about COOL again, but we were certainly supportive of the Canadian government shelving the WTO challenge while some time was taken to determine if the changes that were in the final rule would give some flexibility that U.S. processors would still buy Canadian-born livestock. That's the key. And we were looking for flexibility that was quick to come into place and wouldn't take three to four years, which a WTO case can easily take.

We did realize the hope that the new administration would put the final rule in place, but then to our shock and horror, really, and to that of some of the other U.S. government departments, we think, the new Secretary of Agriculture admonished the industry to go much beyond the COOL law as it was put out in January.

The two big issues were that it was looking for the U.S. processors to put on their packages the location of all of the stages of the value chain of the animal—so where it was raised, where it was processed. It was actually taking us back to something more onerous than what the original 2002 Farm Bill asked for. And it was those technical or excessive requirements of the old Farm Bill that led the then, and now still, chairman of the house agriculture committee in the U.S., Collin Peterson, to say that they had to find a change, they had to find a way to make this more practical. And they did. However, what Secretary Vilsack has done has taken it backwards.

Secondly, Secretary Vilsack is also urging the processors to include processed products. Before, processed products were completely excluded. This is even more challenging for a processor, to have all the different labels that would accommodate every potential situation, such as a pig born in Denmark, raised in the U.S., and processed in Canada. That's all a possibility.

We did put in a letter to ministers Day and Ritz that we feel covers quite well all the elements of the issue. That has been provided to you, as will some text that we weren't able to get into our submission before this morning.

In the hog industry in Canada we've seen our live slaughter hog animal exports fall by two-thirds, by 67%, versus last year, and our feeder pig exports by one-third. These are exports that last year accounted for almost 10% of the U.S. swine supply. We have a letter from Morrell, a major U.S. processor that used to handle, for example, up to two million Canadian pigs a year. They have sent a letter to their producer suppliers saying that they will not be taking any more Canadian-born animals after March 2009. We can provide that letter to you at some point perhaps.

We are pushing, I guess, three or four key points on COOL. One is that it has taken us back to before the U.S. Farm Bill and that the processed product aspect will affect exports from Canada of well over half a billion dollars in value. There is just no alternative for Canadian producers, U.S. hog finishers, and U.S. pork processors to find ready alternatives to this supply.

In our view, because things are so unsettled yet in Washington in terms of getting the right people into senior positions, such as in the trade department and the commerce department, the White House

really has to be alerted to this grim situation. And in terms of getting their attention, our view is that it really has to come from our central agency, the Prime Minister's Office in particular, to alert the White House that this is a problem that's not just going to affect Canadians, it's going to affect the U.S. Because if you take away 10% or more of U.S. processors' raw material, they are not going to be able to continue in business as they are. We feel there just has to be more effort made. More attention has to be captured in the U.S. administration to understand this.

• (1115)

We are not suggesting that it needs to be in an adversarial manner at all. It is really a matter of having the facts and the logic explained.

I want to say a few words on the Canada-EU trade and economic partnership, which we are hopeful can be announced on May 6 when the EU and Canada have their next summit.

The Canadian Pork Council strongly supports the negotiation of a comprehensive free trade agreement. We would not at all be accepting of excluding pork from such an agreement. We will be looking very shortly, in days, at the first Canadian pork processing plant to be approved to ship to the EU, and we fully expect others to follow. It's a market of 500 million people that we are determined to make better inroads into than we have up to now.

Thank you.

**Mr. Jurgen Preugschas:** Thank you, Martin.

I want to continue on with business risk management. During the past two and a half years our sector focused on ways to improve cashflow on hog farms and what was needed to move ahead through that difficult period, and you're quite aware of the asks that we have and improvements to the AgriStability program. In light of the time, I'm not going to go through them; you do have them in front of you. But those are consistent asks that we have, and we need that program to fix some of those inequities that are in there. They should all be done in as trade-friendly a manner as possible.

But as we do that, we're revisiting the issues of how we can keep our producers in business. We see a potential of a huge decrease in our hog production beyond where it's at. In terms of the export industry, the George Morris study shows that about 42,000 jobs are created through that and a \$2.8 billion export industry. We think there's a potential of losing 50% of that industry yet.

So we have to find creative solutions. We need to work at that and we need to work with the Pork Value Chain Roundtable to do a long-term sustainable program.

● (1120)

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

We are going to move to Canadian Pork International, and Mr. Pomerleau and Mr. Asnong. Go ahead, please.

[*Translation*]

**Mr. Edouard Asnong (President, Canada Pork International):** Good morning. I was pleased to accept your invitation to appear before you today.

Canada Pork International is the export market development agency of the Canadian pork industry. Established in 1991, it is a joint initiative of the Canadian Pork Council and of the Canadian Meat Council. Our organization deals primarily with market access issues, the promotion of Canadian pork abroad, providing market intelligence as well as working on other significant export-related issues.

On the first page of our brief you will see statistics about last year's exports, in tonnes and in dollar value. I would also like to mention that the industry set a new record, both in tonnes and in value.

Canada exported to 107 countries in 2008 and to more than 140 in the last four years.

More than 50% of the total Canadian pork production is exported. It is worth noting that Canadian pork exports to the US now represent less than 30% of the country's total exports. When CPI was first established this market represented more than 75% of our total exports. This is the proof that our strategy to diversify away from the US and to be less dependent on one market was successful. However, one must keep in mind that past success is no guarantee of future results.

With the uncertainty surrounding the implementation of the US Country of Origin Labelling legislation, there are fewer hogs being exported to the US and as a direct consequence, the number of hogs processed in Canadian plants has increased by 5% in the first seven weeks of this year—and in the French text the word "months" should be replaced with the word "weeks"—when compared to the same period last year.

The average carcass being heavier, this translates into an increase of 6.5% in total pork meat production for that period. This means that at this moment more pork needs to be exported considering that the consumption remains rather stable.

We expect 2009 to be a difficult year for exports as the economic conditions prevailing in some major markets, especially Russia, China and South Korea, have already resulted in much lower sales. It is too early to tell what our exports will total at the end of the year, but even if they remain the same as last year, we are almost certain that this will result in lower revenues for the industry as many markets will buy lower-value cuts and as our exporters might be forced to discount higher-value cuts. Tight credit will definitely continue to be a factor in the coming months.

The favourable exchange rate will certainly help, but it is not good enough if countries are determined to limit imports.

I will now deal with the issue of market access. Maintaining access to existing export markets and seeking access to new markets has been and remains the top priority of Canada Pork International. Over the years, we established a strong working relationship with the Canadian Food Inspection Agency, the Department of Foreign Affairs and International Trade and Agriculture and Agri-Food Canada. This partnership has been successful so far as demonstrated by the number of countries Canada has been able to export to. However, exporting to a country does not mean that one has full access to that market. In fact, there are several markets where we have a limited access and where we continue to seek full access with varying results.

Given the current economic and financial crisis, we are starting to see an increased tendency in some markets to use technical barriers as a means of limiting or prohibiting imports. In too many cases, import requirements are either not based on science or are unjustifiable too restrictive, not taking into account actual trade and distribution conditions.

The Canadian pork and beef sectors are working closely together on market access and we recently came up with a series of recommendations for enhancing Canada's technical market access capabilities for agri-food products, not only meat. We are both very pleased that in response to our request the Minister for Agriculture and Agri-Food, Mr. Gerry Ritz, has recently announced the establishment of an agri-food Market Access Secretariat that would set priorities and timetables as well as identifying and allocating the required resources.

● (1125)

We are looking forward to working with federal government officials to get the structure in place as soon as possible.

The Canadian Food Inspection Agency has a unique mandate of negotiating access to foreign markets as well as certifying that our meat exports are in compliance with those agreements. As we mentioned earlier, it is our pleasure to acknowledge that the CFIA has done an excellent job over the years in helping us gain and maintain access to a large number of countries. It is paramount to our industry that the CFIA retains a very credible reputation with its foreign counterparts. With the increasing number and complexity of recent issues, some major like BSE and the short ban on Canadian pork imposed by Russia, we are not pleased to witness the fact that the CFIA technical resources have been stretched to the point that they can no longer deal easily with two major crises at the same time.

We acknowledge without reservation that the priority of the CFIA must remain food safety, but at the same time, the Canadian government must also recognize that nobody else can negotiate veterinary agreements and certify meat exports and the one role can not and must not be played at the expense of the other. We would hate to come back here in a few years and complain that the CFIA has become a constraint to our exports because the government did not take the time to review and assess the need to hire and train the highly-skilled professional staff required to deal with an increasingly difficult trade environment.

At times, political involvement is required to resolve market access issues. We are strong supporters of missions abroad led by the Ministers of International Trade and Agriculture and Agri-Food when they provide a unique opportunity to resolve an issue or to make progress toward its resolution.

I will now turn the floor over to Jacques Pomerleau, Executive Director of Canada Pork International.

**Mr. Jacques Pomerleau (Executive Director, Canada Pork International):** In the interest of time, I will continue in French.

Transportation is another concern. Although there is no longer a container shortage as was experienced last year, transportation is still an issue that the Canadian meat industry is concerned with. When dealing with the Canadian rail companies in particular, a large number of our members are finding it difficult to adapt to their demands and requirements. They are left with the impression that perishable products are considered a nuisance and they are questioning the commitment of the railways to provide quality service.

I will not go into details about the coalition we are proposing. You will find that in our brief.

I will turn to export market development. The overall objective of the Canadian pork industry is to become the preferred supplier of high quality pork. To achieve this, the industry will need to be able to supply a well differentiated product and effectively position and market it in a domestic and export marketplace. And this assumes that we would have enough to market the product, as Mr. Preugschas mentioned a few moments ago.

It is recognized that the quality advantage that Canadian pork once enjoyed over its competitors has narrowed and our traditional differentiation points no longer suffice. A science-based differentiation is now required to improve the competitiveness of Canadian pork.

Pork is the most versatile meat, but we have yet to exploit its full potential. More research and development is required to do so.

Developing new products and successfully differentiating Canadian pork will not fully benefit the industry unless there is effective marketing. Better marketing tools need to be developed.

We still believe that Canada remains one of the best places in the world, if not the best place in the world, to produce high end quality pork. At this time our industry not only needs some assistance in positioning and marketing its product, but more coordinated and better focused research and development as well.

Thank you very much.

• (1130)

[English]

**The Chair:** Thank you very much for staying under the time limit. I appreciate that.

We'll turn it over to Mr. Ray Orb from the Saskatchewan Association of Rural Municipalities. Thank you for coming.

Please go ahead.

**Mr. Ray Orb (Director, Board of Directors, Saskatchewan Association of Rural Municipalities):** Good morning. Mr. Chairman, I'd like to thank you for adding us to the agenda at such a late date.

I am a director with the Saskatchewan Association of Rural Municipalities. I'm also a grain producer and I run a cow-calf operation in the Regina area.

SARM represents all of the municipalities in the province of Saskatchewan. It's also driven by grassroots. It's an independent organization, so we feel we can speak from a truly Saskatchewan perspective.

I'd like to talk about the state of the livestock industry this morning, particularly pork and beef.

The red meat sector in Canada has faced many challenges over the last six years. Cattle producers today are still facing the long-term impacts of BSE. Issues such as market access, increased regulatory pressures, and input costs are making our producers less competitive in the world market and therefore are impacting the prices they can access for their products.

Hog producers have also faced negative price and market pressures. The high Canadian dollar and other economic factors have resulted in the loss of domestic slaughter capacity.

On January 1, 2009, Statistics Canada reported a 10.2% drop in hog inventory in Canada over January 1, 2008. I'd like to mention that the Saskatchewan industry lost the most, reporting a total loss of 31%.

In more recent years, these same producers have been facing the pressures of the economic downturn, which has resulted in severely depressed prices. These are the same factors as are collapsing other export-based industries, such as the auto industry and the aerospace industry.

From January 1, 2008, to January 1, 2009, Canadian cattle producers reported a 5.1% drop in inventory.

The livestock industry is also facing specific negative market pressures from the United States' country of origin labelling, which we believe has created an artificial trade barrier between Canada and the U.S. and has increased the slaughtering costs for U.S. processors, resulting in less demand and lower prices for Canadian red meat.

Although the final rule for COOL has yet to be fully implemented, the deadline to import cattle feeders to be classified as U.S. beef was July 2008. Exports for the last six months of 2008 slowed by 9.7% from the same period a year ago. Once the final rule comes into place in March 2009, Canadian exports will be further hampered. I'll get back to COOL a little bit later.

On market access, Canadian exports of beef must continue to grow. As populations in developing countries grow and become more affluent, perhaps demand for Canadian beef will increase even more.

We must continue to reopen foreign markets that were closed to Canadian beef as a result of BSE. SARM believes that the federal government has done a better job of engaging in more bilateral trade agreements, creating more market access for Canadian beef, and this needs to continue.

SARM also appreciates the federal government's investment of \$50 million over the next three years to strengthen slaughterhouse capacity across Canada.

SARM is encouraged by the new export market access secretariat initiated by the federal government. This should help coordinate the efforts of the industry, trade experts, and governments, more effectively promote Canadian agriculture exports to foreign markets, and help identify and remedy trade barriers.

Canadian beef surveillance will almost certainly be improved, for example, by a new BSE test that can be done on live animals. This involves a blood test. It has been developed by the University of Calgary. If accepted, it will mean that the likelihood of borders closing will be drastically reduced, and it will dramatically reduce wait times for animal testing.

We must continue to move forward on a nationwide age verification system. This should create a marketing advantage for our producers to utilize when trying to access new markets or expand sales into existing markets.

On country of origin labelling, some recent amendments by the U.S. administration have created some uncertainty. As of February 20, U.S. agriculture secretary Tom Vilsack indicated that the final rule of COOL doesn't meet the intent of the law passed by Congress. If what Mr. Vilsack is suggesting becomes reality, Canadian beef and pork will be facing further limited access and lower prices.

In our recommendation, because of the uncertainty surrounding the final rule for COOL and the potential hurt to the Canadian red meat sector if the rule is implemented, SARM will be encouraging the federal government to reinstate its WTO challenge.

On reducing regulatory costs, federal regulations that impose costs on the livestock industry should be minimized. Currently, Canadian cattle producers are paying added costs to manage the removal of specified risk materials, SRMs, from cattle. If Canadian livestock producers are absorbing domestic regulatory costs it can make them uncompetitive in the world market. We know that the current list of regulated SRMs in the U.S. is shorter than that in Canada, making it less restrictive and less costly to the industry to remove the required materials.

● (1135)

The absence of regulatory harmonization between Canada and the U.S. considerably weakens the competitiveness of Canadian slaughter plants and the entire Canadian cattle industry. It has been estimated that the cost differential between the U.S. and Canada is approximately \$40 per cow.

SARM believes that governments should be assisting industry with these regulatory costs to ensure we are on a level playing field with other markets. The Canadian government should be encouraging harmonization of such regulations with the U.S. to ensure that U.S. producers don't have a cost advantage and therefore a marketing advantage. Before any regulatory changes are implemented, they should be reviewed to determine if and how these changes could impact international trade.

On the changing needs of protein consumers, according to Statistics Canada's February 2009 report, total red meat consumption, including beef, veal, pork, and mutton, has been declining since 1999. One reason for the decline could be that Canada's population is aging and young people are consuming less red meat in their diets, with a trend toward non-red-meat or vegetarian diets. Another reason could be competition from other cheaper protein sources.

On our recommendations, the industry and the government must do a better job of promoting healthy beef at home and abroad, and perhaps initiate a Buy Canadian program for beef in Canada. They can maintain programs like the environmental farm plan and the Canadian agricultural skills service program to promote environmental benefits to the public and provide education to farmers.

We're also asking for assistance for the industry itself. Canada's beef herd is now very close to 1999 levels, therefore we must maintain a base livestock herd to supply domestic and international demand. SARM believes that effective short-term and long-term programming is required.

We encourage the federal government to consider providing financial assistance to the industry in the short term to maintain a base cow and hog inventory to supply domestic and international markets. Short-term assistance has to be implemented to ensure that the livestock industry can survive long enough to a allow long-term program to be developed.

We're asking the federal government to refocus business risk management programs, such as AgriStability and AgriFlexibility, that will effectively manage economic crises such as the one the livestock industry is currently experiencing. If these programs were restructured effectively, the industry would be assured that if they face such hardships in the future there will be effective long-term programming in place to provide the assistance required.

Thank you again for the opportunity to present.

**The Chair:** Thank you very much for being brief.

I'll turn it over to questioning. The first round will be for seven minutes, including the questions and answers.

Mr. Easter.

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

Thank you, folks, for your presentations.

Mr. Orb, you said there needs to be a restructuring of the AgriInvest and AgriStability programs. Specifically what do you mean? Do you mean eliminating the viability test, going to the better or the olympic or previous three-year averages for reference margins calculations, and giving an option to producers on the better of AgriStability tier one or AgriInvest?

Those are simple things the government could have done yesterday. Is that basically what you're asking for in restructuring, or is it something broader?

**Mr. Ray Orb:** I commented on AgriStability and AgriFlex. I did not comment on AgriInvest, which is the top 15% of the AgriStability program of the margins themselves.

We believe that the problem with AgriStability is the declining margins. If you're a hog or cattle producer your margins are slowly dropping, so that program doesn't necessarily kick in.

We're asking the government to look at this AgriFlex program. We've seen it mentioned in the budget, but we're not sure what it is. We met with some federal officials on that, and they said it has something to do with Canada's competitiveness, and there are things that can be done internally.

We realize there are a lot of problems with AgriStability. We worked through some of them. I think there have been some good improvements made, but it leaves a lot more to be desired.

• (1140)

**Hon. Wayne Easter:** They will talk a lot about AgriFlex. They promised \$500 million over four years. They came in with really \$190 million new money over five years, and it's not available for risk management programs in Ontario and Quebec. So it's a promise, but don't count on it. That's \$38 million or \$37 million a year. Do you think that's going to solve the farm crisis? I mean, give me a break. They're good at making announcements but not very good at coming through with money.

Anyway, on the COOL, Jurgen, I might just mention that the Canada-U.S. parliamentary association was in Washington last week. You may not know what that is, but it's an all-party committee. Members work together in what I think is a really strong, non-partisan sense, and all parties were represented last week in

Washington. COOL was one of the issues they were working on. They had somewhere in the range of 44 meetings with congressmen, plus, I think, 12 or so with senators and something like 15 with governors who were in town at the time as well, so the committee was very active. They met with Collin Peterson as well.

I would say that given the report I had back from them, I really believe there's an understanding at the U.S. congressional level that COOL is a really serious problem for the North American beef and hog sector, and a specific problem for us. But there just does not seem to be any movement.

I think your letter's a good letter. It outlines the problem. But why should we wait? Why not issue the challenge right now? Has your letter been responded to yet by either Minister Day or Minister Ritz? It was written on February 23, but why wait? Why not just issue that challenge right now.

Our industry's going down a hole. We're losing our industry. We've lost 60% of our hog producers in P.E.I. The biggest hog producer in Nova Scotia just went out of business here two or three weeks ago.

**Mr. Jurgen Preugschas:** I think, to answer that question, it's quite clear that we probably need to go ahead with a WTO challenge, but an answer for that is two or three years down the road, so what good is that when we're not in business anymore?

Our point of view is that we need our government, our Prime Minister, to take this straight to the White House immediately, and as was suggested in our brief, do it in a non-adversarial fashion but take it directly to the White House. This is affecting jobs both in the United States and in Canada. We all read the papers every day. We see how many jobs are being lost. This is where government is forcing more loss of jobs, and that has to be made very clear at the highest levels.

**Hon. Wayne Easter:** I agree 100% that's what should happen. I also agree that it'll be three years or four years or five before you get an answer out of the WTO, and then if we win.... Once the Americans lose based on the law, they never come through on the money they're supposed to pay anyway, but I would agree on that point for sure.

On the point you made in response, though, Jurgen, what good is it when we're out of business? And that comes to the point of both the Canadian Pork Council and the Canadian Cattlemen's Association, which I certainly have a problem with. We did our report on the livestock industry last year. Both the Canadian Pork Council and the Canadian Cattlemen's Association were dead against ad hoc programs, and I understand why, but we can play this game of being fair and reasonable traders under the rules when nobody else is and we're not going to have an industry left.

You have Alberta coming in with a \$60, I think it was, payment per breeding animal. You have Saskatchewan now with \$40. You have P.E.I. and some of the rest with none. We have a patchwork quilt of funding across the country and a patchwork quilt of policy, because there's no federal leadership.

So what do we do in the meantime? What good is it? The federal government should be there, I think, with money. Where you are right now in the industry, you have a hell of a lot more debt than you had two years ago. Things haven't improved. COOL's coming in worse than we thought it was, so what are we going to do? Are we going to demand there be payments in the meantime, or are we just going to say, well, to heck with the industry and we'll see what happens? We're losing it in the Maritimes, and we're a deficit area. We're a deficit area for beef and hog production, and we're losing our industry.

• (1145)

**Mr. Jurgen Preugschas:** I think you make some excellent points. We do need to look at it as a Canadian thing, across Canada, rather than the regions. Due to the lack of a total Canadian approach, we've had some provincial reactions to attempt to save our industry.

I believe we have to be creative. And I don't have the answer. I don't know what the answer should be. But maybe we do have to start looking at a more ad hoc type of program so that we do have an industry in the future. Otherwise, we are not going to have an industry left.

I really believe we're putting a lot more of our producers at risk. We need to look at it. Let's be creative. Let's all work together in a non-partisan manner and try to find solutions.

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

Mr. Bellavance, seven minutes.

[*Translation*]

**Mr. André Bellavance:** Thank you very much for your testimony.

The representatives of the Canadian Pork Council suggest some possible solutions, and I appreciate that very much. You talk about changes that should be made to Business Risk Management. It is very helpful to us to determine what pressure we can apply on the government regarding changes so as to improve things for the industry.

The pork industry is very dependent on exports. You spoke about that in your remarks, Mr. Pomerleau. In fact, you all spoke about it. For the United States, 2008 was an exceptional year. Can we say the same of Canada?

**Mr. Jacques Pomerleau:** We set a record in terms of volume in 2008, but I would not say that it was an exceptional year. Let us just

say that we had some momentum. However, there are no guarantees that this will happen again. We also benefited from an exceptional situation regarding Russia and China in particular. Two years ago, the Chinese market was virtually non-existent. It literally exploded. The same is true of Russia, but it has cut our quotas for next year. So it was an exceptional year, but it will probably not happen again.

**Mr. André Bellavance:** Why will it not happen again?

**Mr. Jacques Pomerleau:** Because there is a danger the markets will collapse. We have seen that in the case of Russia and China and Hong Kong—the two must be considered together because one is the gateway to the other. As for our exports to South Korea, that country is not buying the cuts we would have liked to sell. So it looks like it could be difficult.

**Mr. André Bellavance:** During an economic downturn, people may tend to buy lower quality cuts. An effort has been made, particularly in Quebec, to develop a niche market for more specialized, higher quality cuts. Is that still what should be done in the future, or do we have to make up our minds to produce as much as possible?

**Mr. Jacques Pomerleau:** We absolutely have to create a distinctive advantage. If we simply continue to produce the commodity, we will not be able to compete for very long with countries such as Brazil, which have comparative advantages, even though Canadian pork currently sells for less than Brazilian pork on the international markets. Our efforts have been mostly focused on Japan. The statistics show that we now export our higher value products to Japan, not the United States.

• (1150)

**Mr. André Bellavance:** That is because they are still searching for quality. In fact, that has always been the case.

**Mr. Jacques Pomerleau:** Indeed.

**Mr. André Bellavance:** You spoke about China, but—

**Mr. Jacques Pomerleau:** That is Hong Kong.

**Mr. André Bellavance:** That is also attributable to the increase in Hong Kong. We now are therefore less dependent on the United States.

**Mr. Jacques Pomerleau:** We are much less dependent.

**Mr. André Bellavance:** And that is the approach that should be taken.

**Mr. Jacques Pomerleau:** Yes, and we are proving that in Japan. Allow me to give you an example. Three years ago, our products were sold in 10% of Japanese supermarkets, but that ratio is now above 25%. That is proof that our approach is paying off. As well, we are talking about fresh, high value pork.

**Mr. Edouard Asnong:** Canada Pork International was founded for just that reason, to minimize our dependence on the United States. At any given moment, they will take some form of countervailing action or dump their products. Today, there is the all issue of COOL labelling. We simply cannot depend on them for 75% of our exports, as was the case a few years ago. We have to keep on producing quality products and strive to improve them. I think that the current crisis is only temporary and will not last for the next ten years. I do hope however that it will be as short as possible. When things start to recover, when clients will again be in a position to spend money and have regained confidence, they will be looking for quality products. Quality producers will have an advantage.

**Mr. André Bellavance:** Mr. Preugschas, to come back to the U.S. regulation concerning country of origin labelling, or the COOL measure, you indicated in your presentation that the action taken by the U.S. Department of Agriculture would also have an impact on their jobs and trade. I would like you to put on the record whether there are arguments we can express upon the Americans. Earlier, Wayne spoke to us about the association representing Canada and the United States. He said that it allowed us to meet with representatives of U.S. Congress. I am wondering whether they know that this measure could have a negative impact on them. I know that some U.S. Congress people are aware of that, but that is not the case with the Agriculture Secretary.

What can we tell those people to inform them that such measures also have negative effects in the U.S.?

[English]

**Mr. Jurgen Preugschas:** I think it's fairly safe to say that at the farm level in our integrated industry between Canada and the U.S., many of our producers who send weanling pigs into the U.S. to get them finished in the U.S.... Thirty-three per cent, I think it is, of those farms are now standing empty in the United States. Those young farmers who invested to build barns to take Canadian hogs are now going broke in the U.S.

In addition, the animals that were going across were going into packing houses and to processors in the United States. Our live hogs that are being marketed have dropped by two-thirds. Sixty-six per cent of the live hogs that were being slaughtered in the U.S. are now being slaughtered in Canada. These will probably just drop off, ultimately; guys will quit producing them if they're not profitable. But right now, they are creating shortages in their plants, and they can't get the efficiencies anymore. Because of the hogs that aren't going to come online from those weanling hogs and are not going there, they are going to shut down more of their plants and lose jobs.

Thirdly, concerning the voluntary thing that Mr. Vilsack is talking about for processed pork, many of our packing houses sell cuts into the U.S. that are further processed. That's going to dry up as well. I would challenge each of you, when you talk to congressmen or senators in the U.S., to bring up the COOL aspect and talk about those points and make it clear that they're also damaging themselves, as well as us.

**The Chair:** Thank you.

We'll move on to Mr. Atamanenko for seven minutes.

•(1155)

**Mr. Alex Atamanenko (British Columbia Southern Interior, NDP):** Thank you very much for being here, Jurgen. You seem to be going back and forth to Ottawa almost as much as I am.

**Mr. Jurgen Preugschas:** I'm not saying I like it.

**Mr. Alex Atamanenko:** No. That's why I have no sympathy for my colleagues from Ontario.

There are a couple of threads coming through here. I think most people are in agreement that our government is trying to get us more market access, that we are trying at a diplomatic level to challenge COOL, that we have a market secretariat that's trying to access more markets. But the feeling I'm getting is that this isn't quite enough, that we have to crank it up to another level. I'd like someone to expand on that. That's my first question.

My second question is, how much of our consumption do we import? How much pork do we import into our country?

That leads me to look at my next question. We're doing the best we can, we're trying to get markets, we're trying to challenge. Off and on we do challenges, but the results don't come for two or three years. What happens if ultimately we're not successful in challenging the COOL? What happens if we're not successful in opening or expanding the markets we need in the United States?

We discussed, for example, the National Farmers Union report, which has a number of recommendations, some controversial, some that many people can agree to. One of them concerns captive supply. I'd like to know whether that exists in the pork industry and whether in fact we shouldn't have it because it would increase the price.

The other controversial item is whether we need to start thinking about some kind of orderly marketing or supply management as we pursue the exterior markets, so that we have a backup.

[Translation]

As for CFIA, as you have said: we need additional technical resources. I would ask you to give us some more details about that. Furthermore, I know that the problem with the railroads is affecting all sectors, including the forestry sector in my riding. In this time of economic crisis, Canadian Pacific has increased its rates instead of lowering them.

[English]

The European Union's quota for our pork, I believe, is 0.5% now. Shouldn't we really be pushing in any negotiations with the European Union to bring it up to an acceptable level, at least similar to that in our supply management, which I believe is 5% and 7.5% for...? Before we do anything, should that be our major thrust, to get into that market?

I'll stop there. Hopefully we will have some time for some answers.

Thank you.

**Mr. Jurgen Preugschas:** Maybe I can start. There are about 23 questions in there.

**The Chair:** You have no more than four minutes to do it.

**Mr. Jurgen Preugschas:** Okay, I'll be very quick.

In terms of whether we are looking at orderly marketing supply management, absolutely no. We're an export market. It doesn't work, and let's not waste our time on that. It's just totally unacceptable.

There's a lot of U.S. pork coming in. I believe it's about 200,000 tonnes' worth, which is about half of our fresh pork consumption in Canada.

Are we interested in something like country of origin labelling in Canada? Absolutely not. We're opposed to it in the U.S. Why would we be in favour of it in Canada? All it does is increase costs.

I'll leave it at that, and I'll let Jacques or Edouard look at the export stuff.

**Mr. Jacques Pomerleau:** On the railways, I'll give you an example. CP just refused to handle chilled pork for three weeks around Christmas. That is completely unacceptable. How can we supply the Japanese market if we have to say, sorry, we can't deliver the product? That is one thing.

Also, you only have two hours for your container to get onto that platform. If you miss it, for whatever reason, you have to reschedule your container. We're talking about perishable products here. The one thing we have always suggested and recommended is to have the same treatment at the port. The Port of Vancouver is not always very reliable, as you know; they have threats of strikes once in a while. And we also need to be declared an essential commodity like wheat is. That's another thing.

Now, as for technical resources, there are very few people left now at the CFIA who have the level of expertise required to deal with the Russians or other countries. It was all right until two or three years ago, but when BSE started, then we really found ourselves in trouble. There doesn't seem to be a concerted effort at the CFIA to increase the number of technical people required to negotiate with foreign governments, and also to train new people—because you don't become an expert overnight. That's one thing that people need to recognize. At the CFIA, we're always told, yes, but we are doing what we can with our limited resources. We agree on that, but I think that's why we asked the Canadian government to take another look at the resources of the CFIA and to remedy that situation, and not to cut positions but to add them.

● (1200)

**Mr. Alex Atamanenko:** In 2004, as interpreter for a Soviet veterinarian, I visited 17 pork slaughter houses in Canada. Each one of those was exporting to Russia, so I'm wondering if that means there are fewer now exporting to Russia?

**Mr. Jacques Pomerleau:** No, in fact there are more. But the Russians have the habit of delisting plants after one test, and their standards are not the same as those in the other countries. They use this as a way to limit imports.

You were also talking about the European Union. The WTO has.... There was some kind of a preliminary deal with the European Union to increase the quota. So we've asked the Canadian negotiators to go

for a tariff-free quota specific to Canada under the free trade agreement, because the European Union is actually importing less than 0.5% of their total consumption. If they were to go for 5%, it would mean something like a couple of million tonnes of imports. Right now they import less than 75,000 tonnes.

**The Chair:** The time is up, but I know, Mr. Rice, that you want to make a comment. If you can keep it brief, fine. If not, I'm sure you'll probably get a chance to bring it up later.

**Mr. Martin Rice:** I will just say that we in Canada need the WTO to get back on the rails, because that's where we can catch up with the U.S. again. The U.S. has achieved a lot of bilateral advantages over the last couple of years, which we need to close.

**The Chair:** That's a good point. Thank you.

Mr. Lemieux.

**Mr. Pierre Lemieux (Glengarry—Prescott—Russell, CPC):** It's actually Mr. Storseth

**The Chair:** Mr. Storseth, for seven minutes.

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

It's good to see some friends here again. I want to thank everybody for their excellent presentations, for taking the time to come out here, and Mr. Preugschas for talking to members on both sides of the aisle to make sure we get some resolution to these issues that are affecting us back home very dramatically.

Jurgen, you're from just outside my area; you know the family. In the hog business it's tough times right now, and we need to find some solutions going forward.

One of the things I find reassuring is that we now have an agriculture minister who's a straight shooter. He's out there right now doing consultations across the country—he was just in the chair's riding yesterday—talking to producers, listening to producers, listening to producers' concerns on the programs, on the path forward, some of the issues. The programs aren't perfect. The minister came here and said that, and said that they're willing to look at some of these programs.

I want to thank organizations and individuals such as you who take the time to help us fight the good fight on this. Mr. Orb helped me fight to keep costs down on some of our pesticides and chemicals last year, and it's important that we have this support when we take on the issues.

One thing, though, that really disturbs me is the continuous revisionist history that we get from the opposition. The member from Malpeque is the best at this. I'll read you a couple of things, and this comes from his recommendations:

That all governments place a priority on measures that will enhance farmers' economic returns from the marketplace.

—I emphasize “from the marketplace”—

That ministers and ministries of agriculture see their primary role as advocating on behalf of primary producers.

That governments consult primary producers and their representatives in the design and review of farm support programs.

That the Competition Bureau be restructured and instructed to review the impact of current and proposed consolidations—

—this is something that he votes for here at committee, but then says “It's not a priority, we'll look at it after I get my political views out of the way”—

That the Competition Act be strengthened so that the impact of corporate consolidation on the primary producer can be taken into account.

—something he votes for at committee and then refuses to make a priority going forward—

That governments work with primary producers to identify costs, such as inspection fees, that government can either reduce or pay for entirely, while remaining compliant with trade agreements.

Then he comes today and says well, don't worry about trade agreements, we have to fight for producers first. And we have lots more of this. A whole section on competitiveness—things that our minister has already done and already accomplished. These are all from the member from Malpeque's recommendations when he's in government, but the minute he gets out of government, then he can start railing for what he really believes in, apparently.

This is the kind of sanctimoniousness that we have to be aware of. We have to realize that when we have these discussions with farmers we have to be straightforward and honest with them about the direction we're going in. It's one of the things that I've always respected.

We had Carol Skelton on this committee last year—

• (1205)

**The Chair:** Order, order.

**Mr. Brian Storseth:** —We've had James Bezan, David Anderson, Mr. Miller, Gerry Ritz on this committee. These are all people who advocated for one thing when they were in opposition and are advocating for the exact same thing when they are in government. It's nice to see some people that are willing to stand by their principles when they do get into government.

That's my rant for the day, and I've been listening to it for a while.

Mr. Orb, you talked about one thing that's been coming up time and time again, and I want you to take the time to extrapolate on it a little bit. It's about age verification and where you think the importance of that is going to be moving forward. When Premier Stelmach put that per-head payment out there to producers in Alberta, he tied it to the age verification issue. It wasn't very popular at the time, but it seems to be the direction we're getting from all across the country; it's the direction they want to go in.

Could you comment on that quickly?

**Mr. Ray Orb:** Yes, thanks, Brian.

In our submission, we said we think it's important that all Canadian producers age verify their beef because it does open up

some international markets. I know there was a question from Mr. Atamanenko about the European Union. I think it pertains more to the Asian markets, particularly Japan, that producers are able to somehow track when animals are born and where they're born, and also this makes it easier for CFIA to track animals in Canada for problems such as BSE.

But I think Alberta has taken a good step there. They've put in about \$300 million over two years, as you're aware. It wasn't particularly popular with producers, but I think that maybe 90% now have age verified their cattle or are in the process of it.

Saskatchewan has taken a different route, citing that it was unpopular with producers. They've done an ad hoc payment—Mr. Easter mentioned that—\$40 per breeding cow. I think in the end Saskatchewan will be doing that. We're still lobbying them to promote this to cattle producers, because they think it has to be done.

It is the way to go, you're absolutely right.

**Mr. Brian Storseth:** As Premier Stelmach proved, sometimes it may not be popular when you give somebody an extra \$40 or \$50 a head to push the industry in a certain direction, but I think that is for the betterment of everybody. That is certainly something we've been hearing here. I appreciate your comments on that.

Mr. Preugschas, you mentioned the comprehensive free trade agreement with the European Union and how important it is for your organization and for the entire sector. I agree with you. Could you extrapolate on that a little bit?

At the same time, I would like to mention that we do have an opportunity today and I would encourage all members of Parliament to come to Room 112N in Centre Block at four o'clock. We have actually a delegation of the European Parliament international trade committee here to meet with members of Parliament. So I'm sure we'll see at least these 12 members of Parliament there lobbying to make sure the pork is included in the free trade agreement.

Could you take a couple of minutes to talk about how important that is for your industry and the direction that you see forward for our industry, particularly in Alberta? We were one of the cheapest regions in North America to produce pork. We're now labelled as one of the most expensive. Can you help us with the direction forward with that?

**The Chair:** You only have a couple of minutes, so do it in one minute.

**Mr. Jurgen Preugschas:** I think regardless of which area of the world we're looking at, trade access is critical. As was mentioned, if we can't do it through the WTO, at least we need to do it through bilateral agreements, and a 5% access without tariffs would be huge for us in the European Union.

So it's critical. Any market is critical to us for the long-term sustainability.

**The Chair:** Thank you.

**Mr. Martin Rice:** I'll just say a few words in total.

We don't really sell pigs; we sell hams and we sell shoulders and bellies. It is all broken up, and the cut that is the most problematic for our industry in the world market is the ham. The European market for hams is the best in the world, particularly in the manufacturers in Italy and in the U.K., and interestingly also the very highest tariff going into the EU is the hams. Products that we could ship in there at low tariffs they don't really need.

So that's the big bonus if we can get another market. We shipped 50,000 tonnes of hams into Romania the year before they joined the EU. It's zero now. That's the way it has gone.

• (1210)

**The Chair:** Good point. Thanks, Mr. Rice.

Ms. Foote.

**Ms. Judy Foote (Random—Burin—St. George's, Lib.):** Thank you, Mr. Chair.

Thank you to our witnesses for appearing before us today.

Having listened to you, I know clearly this is a serious situation for the industry. It's unfortunate that as witnesses from outside of the political realm you were just subjected to a political rant, as my colleague put it, on an occasion when we're here really to discuss the seriousness of this issue.

I was reading a letter here that you'd written to both ministers, dated February 23. It would appear in the letter that what's happening on March 16 is a foregone conclusion. I'm looking at this, and it says the final rule that was published in January will go into effect March 16. My question is, what's happened in the interim? What's happened leading up to this? We're talking about two weeks away, and you're here before the committee today. Have you been partnering with similar organizations in the U.S. to try to get this handled through the political realm there, or the government there?

**Mr. Jurgen Preugschas:** Absolutely. We work very closely with the National Pork Producers Council on the hog side. They're as opposed to COOL as we are and always have been. But what has happened is that the Bush administration had put the final rule in place. Then when the Obama administration came in, they said they wanted to review it. This is where the uncertainty is now coming.

We can live with the final rule as presented. We cannot live with voluntary suggestions that Secretary Vilsack put on there. That's where the problem is.

**Ms. Judy Foote:** Thank you for clarifying that for me.

In terms of the industry itself, if it's having such a dramatic negative impact in the U.S. as it is having here in Canada, what kind of response have you gotten from the Canadian government? Have you gotten a response from Ministers Day and Ritz to your letter of February 23?

**Mr. Jurgen Preugschas:** No, there's no response as yet. We've had discussions with them, and the minister has been very good in terms of all the negotiations that were going on. We were quite informed and we were part of those discussions and suggestions on how to move forward; however, as yet, we have no response back from the ministers on this particular letter.

**Ms. Judy Foote:** Pardon my ignorance, but it just seems as if it's the 11th hour—we're talking about March 16 when this is coming down the pipe.

**Mr. Jurgen Preugschas:** We feel it needs to be addressed, as Martin stated. We need to go straight to the White House as quickly as possible.

**Ms. Judy Foote:** Thank you.

Mark, do you want to pick up the rest of the time?

**Hon. Mark Eyking (Sydney—Victoria, Lib.):** Do I have a few more minutes?

**The Chair:** You have two minutes.

**Hon. Mark Eyking:** Thank you for coming, folks.

I'm from Nova Scotia. You probably know our president of Pork Nova Scotia, Gerald Vermeulen. He's one of the largest operators. He's got a very efficient operation, and he's ready to close his doors. You can see the drop in your numbers here. When you look at Nova Scotia and P.E.I. together, I think there's an over 50% drop on the year. Look at the hog numbers that are coming out. It's pretty well decimated down on the east coast.

What happens when these numbers start going down is that all of a sudden the plant is in jeopardy. We have that with the beef; we have only one plant. We have only one kill plant for the hogs. I guess my question to you is, what can governments or the association do? Mostly what we talk about is the trade and the bigger picture, and that helps everybody, but what can we do federally and provincially to help this industry from losing altogether in the Maritimes?

**Mr. Jurgen Preugschas:** As I stated before, I think we have to throw everything on the table. I think we need to be creative. I don't know exactly what the answers are and what the right thing is, but we need to get as many heads together as possible to see how we can do this.

As I stated before, I believe there are more than 20,000 jobs in Canada in jeopardy here: primary producers, feed mills, truckers, packers, processors, all the way down the line. This is really a serious business. We need to do something fast and we all need to really take a serious look at what we can do. We thought we were going to recover. The economic situation in the world has slowed that down. We're in dire straits, and something has to be done immediately.

• (1215)

**The Chair:** Thank you very much. Your time is up, Mr. Eyking.

Mr. Bellavance, you have five minutes. I'm sorry, I'm out of order. It's Mr. Lemieux.

**Mr. Pierre Lemieux:** That's okay, Chair. I know you were thinking of me. I wasn't going to raise a fuss.

Gentlemen, thank you for being here. There's no question that the pork industry is facing challenges today. One of the things I would like to do in my opening comments is underline some of the support government is giving to pork producers. You had already mentioned it, but I'll just mention it for my colleagues on the other side, because they forget this type of information. In 2007 and 2008, over \$1 billion is projected to flow to livestock producers through these new BRM programs. That would include the AgriInvest kickstart payments. That's a thousand million dollars. It's significant money.

Of course, you mentioned the advanced payments program. Some \$563 million has been advanced to cattle and hog producers in the 2008-09 production period and \$406 million of this was in emergency advances. Of course, now there's the extension. There's significant money flowing, but in fact, this does not solve all the problems the hog industry is facing, and I acknowledge that. However, I did want to run through the numbers for my colleagues, because they do forget the work that's actually being done and the money that's actually being delivered on the ground.

One of the things both your organizations spoke about was the importance of international markets. I would like to pick up on that a little bit. Minister Ritz has been extremely busy internationally, opening these new markets. I believe Canada Pork International was in India with the minister. I wanted to ask you about the Indian market. Let me just ask you a few general questions.

One of them is this. How important is export, in your eyes, to the hog industry? Secondly, specifically about India, how do you measure that breakthrough in India? What do you see as the future for pork through this new market opportunity?

**Mr. Jacques Pomerleau:** How important is it to our industry to export? Well, we are the most export dependent of all the large producers in the world—besides maybe Denmark, but Denmark is part of the European Union. The share of other countries, such as the U.S.... Their export share is, what, 15% or 20% of their total production? But keep in mind that 10% of their supply of hogs came from Canada.

India is the last frontier, the last big market to be opened besides the European Union. People will say there are no opportunities in India, that they don't eat pork or don't have pork. I wouldn't eat Indian pork either; it's not very safe. There are some quality controls they have to work on.

Some Canadian pork is already going into India, somehow. At the same time, the Indian authorities are determined to have only one set of import requirements. They don't want to approve the countries one by one or the plants one by one.

After three years of banging our heads on the Indian door, finally, after the visit of Minister Ritz, we were able to really understand what the Indians' preoccupations were. The Indian minister gave us some opening to there being negotiations we could go to in order to finally have access. We were not pleased with the conditions the Indian government had proposed at this time, but at least we were able to open the door.

**Mr. Pierre Lemieux:** I think it represents a fairly substantial market opportunity in the future. My understanding is that meat consumption is expected to double in India over the next ten years.

**Mr. Jacques Pomerleau:** We were told seven years.

**Mr. Pierre Lemieux:** Over seven years?

**Mr. Jacques Pomerleau:** Yes. Right now the demand for our pork comes from the major five-star hotels, such as the Oberoi, the Taj Mahal—those chains. That's where the demand is. You're talking about something like 300 million people who could afford meat eventually. If we only get 10% of that, it's a whole Canada that we're dealing with.

• (1220)

**Mr. Pierre Lemieux:** So it's a huge opportunity.

**Mr. Jacques Pomerleau:** It's a huge opportunity, and it's the last one that needs to be opened.

**Mr. Edouard Asnong:** Just to add to that, I think export is a question of survival for the hog industry. We export more than 50% of what we produce. We export a million tonnes of meat every year. Compared with beef, we are not negligible. In truth, it's very important.

What we are exporting also, in beef and pork together, is grains. That was the alternative when the Crow rate transport subsidies were abandoned. That created some value-added activity. It is less costly to export meat in boxes than tonnes of grain.

I would also agree that the government is doing a lot of things with money, and there's always criticism that the money is too much. I know it as a taxpayer. But there's a benefit to investing in our industry.

What also needs to be done is something with all those little irritants from different departments, such as Health Canada for approval for drugs. All those kinds of little things—and Transport—become in the longer term very important.

**Mr. Pierre Lemieux:** Thank you.

**The Chair:** Yes, your time is up.

Mr. Bellavance.

[Translation]

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

I would like to come back to the Canadian Pork Council and to the possible solutions that I mentioned earlier because we did not have time to discuss them in much depth.

You wrote to the Minister of International Trade and to the Minister of Agriculture and Agri-Food at the end of February, but your purpose was mainly to discuss country-of-origin labelling. Did you raise any of these solutions that you propose in the brief that you presented to us with the minister or with officials, for example agri-stability payments, that should be a priority, the \$3 million cap, which was suppose to be eliminated under agri-stability, and the agri-investment cap which should be increased? You also provided other possible solutions.

Have any discussions begun with the government? Do you get the sense that the government is open to what you are proposing?

[English]

**Mr. Jurgen Preugschas:** We're constantly in discussions with members of Parliament or the minister, but also with government officials. In fact, we have a meeting set up to talk to this specific issue in 10 days, so we will be exploring what possibilities might exist.

I don't know where those discussions are going to lead. We're going to need everybody, though. We're going to need government members and opposition members, we're going to need our industry, and we're going to need government bureaucrats. We need all of them to get their heads around it to see what we can put in place. We're going to have to be creative. It may be something we have never done before. I don't know. If you have ideas, bring them to me, and I'll present them, or you can present them.

I really think we need to throw everything on the table and have a wide-open discussion. As the stimulus packages are taking place for the whole economy now, the regular rules have been thrown out. What can we do to ensure that we keep jobs in this country? What can we do, in our case, to keep value-added agriculture in this country? I don't think anything is sacred. I think we have to throw everything on the table. We need to have everybody's input to come up with the best solution.

**Mr. André Bellavance:** Monsieur Orb?

**Mr. Ray Orb:** Thanks for the question, Mr. Bellavance.

As I mentioned previously, we believe that right now the livestock sector is really falling between the cracks. There is no safety net program that addresses this economic downturn in the livestock industry, because as I mentioned, the margins are falling slowly enough in the beef sector that it doesn't necessarily trigger a payment.

For one thing, right now there is no insurance for livestock producers to be able to ensure any kind of prices. It is not considered a regional disaster because it's happening all across Canada, so in this case we're asking for ad hoc payment, because we see no other way around it. We've identified a cost per animal of \$40. For a cow, an animal that's over 30 months of age, the cost to take this specified risk material away and dispose of it is a cost that they don't have in the United States.

So when we're talking about harmonizing the regulations between the U.S. and Canada, that's fine. We should be able to do that. If we can't, we are asking that producers be compensated. As the pork producers mentioned, if we don't have the primary producers, we don't have an industry, so we need to look at this seriously.

In Canada, 70% of the beef herd is in the west, in Saskatchewan and Alberta, with 40% in Alberta and 30% in Saskatchewan. We see this industry really taking a hit.

On feedlots, producer feedlots in Saskatchewan are in jeopardy. We're trying to keep more of the cattle in Saskatchewan to do the backgrounding. We're trying to get another packing plant. We had one producer-owned packing plant that was in serious trouble from day one due to competition from the big players in the industry. That

certainly jeopardizes any future development. That takes us back to our resolution asking for help for the cow-calf sector.

• (1225)

[Translation]

**Mr. André Bellavance:** Mr. Orb, you represent Saskatchewan communities. What do your organization's members think about the current controversy over the Saskatchewan government's decision to provide \$71 million to their cattle producers? Minister Ritz who is himself from Saskatchewan, denounced that decision and even went as far as making public statements and issuing press releases.

How is the government's decision perceived in the province? Do people feel that the Government of Saskatchewan has listened to the cattle sector and that the federal government should do the same, or do they agree with Minister Ritz in saying that the Government of Saskatchewan should not have taken that measure?

[English]

**The Chair:** Thank you.

We are well over the time, but please answer as briefly as possible, Mr. Orb.

**Mr. Ray Orb:** I guess it's a fair question. Saskatchewan has asked for this money because they realize it's an emergency right now. It's in a crisis status. We have to get the money out to producers. I think what they're trying to do is keep the breeding herd stable—the bred heifers and the bred cows.

I can't answer for the federal Minister of Agriculture, of course, but I think right now they seem to be worried more about trade retaliation than anything else. We don't believe that should necessarily be so if you direct the payment to the right people, maybe as SRM cost subsidization or something like that.

**The Chair:** Thank you very much, Mr. Orb.

Mr. Richards.

**Mr. Blake Richards (Wild Rose, CPC):** Thanks.

It's a pleasure to have representatives of our pork producers here at committee today, and I say that as someone who spent the first 20 years of his life on a hog farm and spent many hours sitting around hog barns. As a matter of fact, we even bought sows—I believe they were sows, they may have been boars as well—from Mr. Preugschas at one time, back in my youth. So it's interesting to have that connection as well. I welcome him here.

My question is for both groups here on behalf of the pork industry.

On Tuesday we had representatives of the cattle industry here, the Canadian Cattlemen's Association. We had individual ranchers from different parts of the country. Certainly what I was hearing, I think for their industry, is that they felt a couple of the big issues they faced would be the country of origin labelling—we've talked about that today and I certainly recognize this is an important issue throughout the red meat sector—and also market access, which we've talked about a bit today as well. Those seem to be the two big issues the cattle producers indicate they're facing right now.

Would you agree with them that would those be the two biggest issues facing your industry? Are there other issues you think are top of the agenda?

**Mr. Jurgen Preugschas:** There's no question that COOL and market access are on the top of our mind. Right now, though, in addition to that is our viability and the ability to continue as producers because of our financial crunch. The financial crisis our producers are facing is extremely important, because if we don't solve that, then even the other ones won't matter a whole lot because we won't have any product to sell.

• (1230)

**Mr. Blake Richards:** Did the CPI wish to comment on that?

**Mr. Edouard Asnong:** I fully agree with Jurgen. All the other items look very small compared to those, which are huge. Also, we have the benefit to be able to export to more markets than the cattle guys, because they have BSE and they are out of some countries. So we have that kind of advantage. But those are certainly the major ones.

Some others are waiting. When we start talking about market access we presented all the SPS issues—the sanitary and phytosanitary—and animal welfare and all those kinds of things. That's why when we talk about an FTA or a WTO agreement with Europe, it's not that it looks nice on paper, but it has to be meaningful and applicable. It's real market access. They have some good talent and specialists to find other ways to avoid the imports.

**Mr. Blake Richards:** Okay. I asked our cattle industry representatives a very blunt question, and I'll ask you the same, because I have a real concern for young farmers trying to get into the business and how difficult that is. Do you see a future for the pork industry in Canada, and are young farmers able to get into the industry?

**Mr. Jurgen Preugschas:** I think that's a very fair question. We battle with this ourselves as well, because you can ask the question, is it worthwhile saving the industry? If the decision is that it isn't, then do nothing. But we feel that, yes, it is worthwhile saving, for a lot of the reasons we mentioned.

But with the way it's set up right now, it's pretty hard for a young guy to come in. My son farms with me, but he's wondered many times, should he get out of agriculture, is it worth it? And so, I think what we need to do is take what the Pork Value Chain Roundtable is doing, expand that and really build a system that will be sustainable over a long period of time.

I'll take a page out of Alberta's book. The minister and the premier have been very aggressive and have created the Alberta Livestock and Meat Agency, which is doing exactly that: changing the industry so it's going to be long-term viable and long-term sustainable. We

need to do the same thing in Canada. I think it's critical for our industry. I don't want to speak for the cattle industry, but I believe it is for them as well. But we need to do that. We need to open the page. We need to become a supply chain, a value chain that isn't built in silos. Until we do that, we'll be coming back here every few years because we're in dire straits. We need to fix the system as well for us to survive in the short term.

**Mr. Blake Richards:** Okay, thank you.

Do I have any time left?

**The Chair:** No, your time is up.

Seeing as we are at our time unless I go to a great round that would take us up past quarter to, if it's okay, we have a bunch of committee business to do, motions and what have you. If no one has an issue with that, I'm going to leave it at that, I think.

I'd like to thank our witnesses.

I would just say as a beef producer—and I have grown a few hogs over the years, but they certainly weren't a big part of the business—that it's obvious there are some concerns out there. It was great to have you gentlemen in today and to hear your insight. I think it's going to help the committee. Thank you very much. I appreciate your taking the time to come down.

We'll just have a minute for the witnesses to exit.

• \_\_\_\_\_ (Pause) \_\_\_\_\_

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**The Chair:** I call the meeting back to order.

As I mentioned, we have a bunch of motions to deal with.

Mr. Dreeschen.

• (1235)

**Mr. Alex Atamanenko:** Could we have a copy of the motions?

**The Chair:** The clerk and I were just discussing that. Until we actually had the motion moved, we weren't going to circulate that.

It's hard to say how many, but we have a number of motions, Mr. Atamanenko, and I don't know whether we'll get to them all today.

Mr. Bellavance.

[Translation]

**Mr. André Bellavance:** I simply want to table my motion.

[English]

**The Chair:** We're going to deal with them in the order that they came in.

**Mr. André Bellavance:** Go ahead.

**The Chair:** That's okay.

Mr. Shipley.

**Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC):** Thank you, Mr. Chair. It was a comment on the presentations.

I felt bad today that we had representations of the international group, the Canadian Pork Council, and the producers, and actually we had only about an hour and a half. The other day we gave extended times, and there didn't seem to be any concern about cutting off the time. Today we didn't even get a full round. I had a number of questions I would have liked to present and receive information on.

We've gone now to this business, and maybe I should have raised it earlier, but I think that when we bring people in from across Canada... Our time was really short with them, and I just wish we had more of it, that's all. I didn't get a chance for questions, and I think some of us had some questions to get answered.

**The Chair:** Your point is well taken, Mr. Shipley, and I can't say that I disagree with you.

However, I am at the command of the committee, and it was made clear in advance that we were going to break at this time, and I have to deal with what's ahead of me. But it's a good point, and I agree with you that it's unfortunate. I guess in future maybe if question time is shared, you can go from there.

Mr. Dreeshen.

**Mr. Earl Dreeshen (Red Deer, CPC):** Thank you very much, Mr. Chair.

As a visiting member, I certainly appreciated the opportunity to listen to the Pork Council today.

I would like to ask that we deal with the following notice of motion at this time: that the committee clerk arrange for the committee to travel to Manitoba to tour the Canada Grain Commission, the Canadian Wheat Board, the Canadian International Grains Institute, a grain terminal, and a slaughter plant in April and schedule a public meeting while in Winnipeg to hear witnesses.

**The Chair:** This is Mr. Hoback's motion, as everybody realizes. As Mr. Dreeshen is substituting for him, he can bring this forth.

Mr. Atamanenko.

• (1240)

**Mr. Alex Atamanenko:** I discussed this with Randy a few days ago, and I know one of his main concerns is to talk to the Canadian Wheat Board. There were a couple of things, and I also thought of France's comment that—

**The Chair:** If I could, he had a motion that was tabled that dealt with the Wheat Board, which is a totally different one.

**Mr. Alex Atamanenko:** I'm talking about this one, and I understand what he's doing. I also remember France's comment

about the cost and that it may not be appropriate to go at this point in time, to take a committee, because of budget considerations.

Although I agree with the idea of visiting all these organizations, and that might not happen until later, I thought that—and I told him this—if Randy's intent was to talk and have a frank discussion with the Wheat Board, it might be in all of our best interests to invite the director and a couple of—

**The Chair:** We're into debate then, obviously. The motion deals with a number of things.

**Mr. Alex Atamanenko:** I thought we were just talking on this motion.

**The Chair:** Yes, okay, that's fair.

**Mr. Alex Atamanenko:** That's just my opinion.

**The Chair:** That's fair enough.

We have Mr. Easter.

**Hon. Wayne Easter:** Mr. Chair, Randy is not here. We did table his previous motion until we had some answers, and that's why I have another motion coming forward.

We don't have a problem with doing a tour of the Canadian Grain Commission and all the agencies outlined here. In fact, I think we suggested some of them. I think the idea behind Randy's original motion concerned the Canadian Wheat Board contingency fund.

**The Chair:** On a point of order, Mr. Easter, we're not talking about that motion.

**Hon. Wayne Easter:** I know we're not, but this motion is a substitute for it, Mr. Chair.

**The Chair:** I have to rule that it's a totally different motion.

**Hon. Wayne Easter:** I see it as a substitute for it, to try to do somewhat the same thing.

I think we will be supporting this motion. If the understanding of this motion is that for a public meeting we would all be asked to offer witnesses up to come into that public meeting, then we'd be in agreement with this motion. But this will take some time to put together, Mr. Chair.

Randy's not here, and that makes it difficult, but if the key purpose or intent of this is to look at the Canadian Wheat Board contingency fund, then I would suggest that we, as a committee, ask the Canadian Wheat Board's CEO to come in.

Mr. Chair, the reason I raise this is that we are getting some very serious concerns that the minister's statement relative to the Wheat Board contingency fund—which is clearly misinformation, and I can table with you the Wheat Board's statement—is starting to hurt the commercial viability of the board.

**The Chair:** Mr. Easter, if you want to have the Wheat Board in, that's another issue.

**Hon. Wayne Easter:** It's not another issue. It's part of the same.

Mr. Chair, let me put it this way. If the intent of the motion is to deal with the contingency fund of the Wheat Board, then it's too late to deal with it, because each and every day the Wheat Board is being hurt by the minister's public statement.

**The Chair:** Mr. Easter, you're on another issue. If you want to speak to the motion and about the intent, you can ask Mr. Hoback and Mr. Dreeshen about that. That's not what we're discussing.

**Hon. Wayne Easter:** Well, if that's the case, Mr. Chair, we'll just vote against the motion. To hell with it.

**The Chair:** Is there further debate?

We'll go to Mr. Dreeshen.

**Hon. Wayne Easter:** Mr. Chair, if you can't debate an issue around here, why bother trying?

**The Chair:** You can, but debate the motion. That's all I'm asking, Mr. Easter.

**Hon. Wayne Easter:** It's time for a new chair.

**The Chair:** Go ahead, Mr. Dreeshen.

**Mr. Earl Dreeshen:** I guess I've had the unique opportunity to have gone to Manitoba. I have been at the Canadian Grain Commission. I have been at the Canadian Wheat Board. I have spoken with people there, and also with the Canadian International Grains Institute. The only thing I'm missing is a grain terminal and a slaughter plant. As far as I'm concerned, that's what this motion is addressing, and anything else is superfluous.

•(1245)

**The Chair:** Thank you.

We'll go to Mr. Bellavance.

[*Translation*]

**Mr. André Bellavance:** Mr. Chairman, Mr. Storseth spoke against Wayne for four out of his seven minutes in front of the witnesses and you did not intervene. We can absolutely discuss the intent of a motion. It would become quite difficult if every time we take a different direction you tell us that our comments must be strictly restricted to the wording of the motion. In any case, the issue is a possible visit to the Canadian Wheat Board. I think that the fact that the member from Malpeque is talking about the Canadian Wheat Board and the intent of the individual who tabled the motion is quite consistent with what we have always done on this committee. I am saying this with all due respect. With respect to the motion, there is a point I would like to address.

[*English*]

**The Chair:** Could I respond to that point, Mr. Bellavance?

[*Translation*]

**Mr. André Bellavance:** Of course.

[*English*]

**The Chair:** As far as how Mr. Storseth uses his time is concerned, it's no different for other members, and I'm not going to name names.

It seemed that Mr. Easter was trying to debate the other motion that was tabled the other day, and to me it was off base. I mean, it's fine, in his statement, if he wants to say that he thinks I'm... [*Inaudible—Editor*]. That's not the issue. It seemed that we weren't discussing the motion per se. If there's part of it he doesn't like, I guess that's up to any member to amend or whatever. That's all.

We may disagree on that, but all I'm trying to do is keep the discussion on the motion that was there. It is as simple as that.

You still have the floor.

[*Translation*]

**Mr. André Bellavance:** Mr. Chairman, I made my comments with all due respect. I believe there are other times when you have intervened in the same way and that we have felt restricted in what we could say.

Under Mr. Hoback's motion we would travel in April. I don't know why it has to be in April but what is certain is that we have a two-week break in April. I can tell you right now that many activities have been planned in our ridings. It would be very complicated for me to go out West during the break. I know that this is my personal point of view but there may be other members of the committee who will be in the same situation.

If I am to vote in favour of the motion, I would like to table an amendment that would remove "in April" so that the trip does not take place during the two-week break.

[*English*]

**The Chair:** That's fair enough. You will have your amendment.

Just to comment on that, we all know that, first of all, before the clerk can arrange anything, we have to get approval. I think we all know how slowly things happen around here sometimes, so realistically, maybe it can't happen then.

There's an amendment on the floor to take out the words "in April". Is there discussion on the amendment? I'll call the vote on the amendment.

(Amendment agreed to)

**The Chair:** Now we're back to debate the motion as amended. Is there any discussion?

We'll go to Mr. Atamanenko.

**Mr. Alex Atamanenko:** I'd like to return to what I was trying to get across before. In all fairness to Randy, I had a good talk with him about this—I hadn't talked to anybody else—and I had two concerns.

One was about the whole time element and the fact that this is a very cumbersome procedure, and by the time we get going it may be into April, it may be later. My other concern was that by having a public meeting, this may turn into a forum of for and against the Wheat Board, and I don't know if that's appropriate, to try to see who can outdo whom in getting witnesses. That was a concern I expressed to him.

I thought that it would be a win-win situation for everybody, because I know that one of the reasons Randy would like to do this—and correct me if I'm wrong—is that he would like to quiz the Canadian Wheat Board on what's happened, and he has every right to do so. We have some questions too, and I think we could probably do this more quickly if we brought Ian White and a couple of directors here under our competitiveness category or somewhere that could happen soon. I think it could happen probably in a couple weeks so Randy—I'll be honest—can get his answers. He has a right to get his answers soon, so we don't have to wait until maybe May or maybe in fact this may be postponed until the fall.

That's my only concern about this. I'm sure that one of the reasons is that Randy would like to get some answers, not the only reason but one reason, and I just think it's really cumbersome and it will take too long.

• (1250)

**The Chair:** Thank you.

Mr. Storseth.

**Mr. Brian Storseth:** Thank you very much, Mr. Chair.

I understand that members of the opposition don't like necessarily playing by the rules, but I'm going to make a motion that we table this until Mr. Hoback is here. I'm making a motion. I would ask the committee to table this motion and just move on with some of the CFIA motions and stuff that we're trying to deal with.

**The Chair:** There's a motion on the table. It's non-debatable. I call the question.

(Motion agreed to [See *Minutes of Proceedings*])

**The Chair:** Mr. Storseth.

**Hon. Wayne Easter:** I have a point of order, Mr. Chair. Sometimes when it's tabled, it's tabled forever. Our understanding is that we could deal with it at the next meeting with Randy here.

**The Chair:** Anybody can table a motion, retable it.

**Hon. Wayne Easter:** Let me ask the clerk. I do think the trip is worthwhile, but I will ask the clerk this.

Can he pull it off the table at the next meeting if he so decides, or are there rules with coming in with the same motion?

**The Chair:** A motion to retable, I think, would be in order.

**Mr. Brian Storseth:** I have a point of order, Mr. Chair. I also believe that motion can come from anybody. This is now the committee's motion. This is no longer an individual member's motion.

**The Chair:** Yes. Any member of the committee, you're right.

Mr. Storseth.

**Mr. Brian Storseth:** Thank you very much, Mr. Chair. That's why it was humorous to hear Mr. Easter trying to talk about the other motion that's out there. He could have brought it forward any time he wanted, if he so chose, but he clearly doesn't want to because he doesn't want to have the discussion on that particular aspect of the contingency fund.

Anyway, thank you, Mr. Chair.

I'd like to move that the Standing Committee on Agriculture and Agri-Food call before it the Canadian Food Inspection Agency to examine and answer questions regarding the potato cyst nematode and the effect that regulations have had on potato farmers who have suffered severe losses and to discuss specifically farms that have been quarantined and/or had their operations closed due to inadequate sampling.

**The Chair:** You've heard the motion.

Mr. Bellavance, you're first on the list.

[*Translation*]

**Mr. André Bellavance:** Mr. Chairman, I wonder if we could discuss Mr. Storseth's and my motion at the same time. I agree with his motion. Mine is similar, it raises the same problem, but Mr. Storseth is not as specific with respect to the Saint-Amable producers. I could table an amendment to his motion in order to combine the two, I do not have a problem with that. I am submitting that for your consideration. I also agree with discussing both motions separately, but I think that both should be discussed at the same committee meeting because the same laws are concerned.

[*English*]

**The Chair:** Again, I'm at your direction. I'd just point out that you can ask Mr. Storseth if he wants to do a friendly amendment. The other way is to propose an amendment.

Mr. Storseth.

**Mr. Brian Storseth:** Thank you very much, Mr. Chair.

I have no problem with Mr. Bellavance's motion or finding a way that we can bring them both together. I agree it's duplicitous to have the CFIA come here to talk on both motions.

My issue, André, is very much like yours. It's to deal with specifics. I'll be asking specifics about some Alberta cases that have happened, but that's not to preclude you from talking about anything else. So I have no problem if we can find a way to combine the two or even just let CFIA know that they'll be asked a broad range of questions on the issue.

**The Chair:** If we have agreement, rather than take the time to reword the motion, let's just deal with both of them at the same time. Is that okay?

**Mr. Brian Storseth:** It may be easier, Mr. Chair, if André agrees.... My motion is a little broader; it doesn't talk about one specific region. I think we could just move forward with my motion, with the committee proceedings recording that we understand and agree that we're going to be talking about both issues. And the clerk should let CFIA know that they'll be expected to be able to answer on a range of issues in respect to potato cyst nematode.

• (1255)

**The Chair:** Are you okay with that, Mr. Bellavance?

[Translation]

**Mr. André Bellavance:** No, I do not want to withdraw my motion because I want to preserve... I understand what Mr. Storseth is saying, that his in fact is broader. However, as I stated, I tabled my motion because I felt that his was not specific enough with respect to the problem being experienced in Saint-Amable. We can discuss each of these motions separately, I do not have a problem with that, but my suggestion is that we do it at the same meeting, when we have witnesses.

[English]

**The Chair:** Okay. That's good.

I have Mr. Easter first, then Mr. Atamanenko.

**Hon. Wayne Easter:** Mr. Chair, if we pass both motions, I think the clerk can invite them in on both subjects. We'd be fine.

**The Chair:** Very good. And I think we have agreement from Mr. Bellavance.

Mr. Atamanenko.

**Mr. Alex Atamanenko:** That's exactly what I was going to say.

**The Chair:** Then, if there's no further debate, I'll call the question on Mr. Storseth's motion.

(Motion agreed to [See *Minutes of Proceedings*])

**The Chair:** The next motion we have, going in order, is not that particular one, Mr. Bellavance, but it is one of your motions. Do you want to turn them...?

You can move your motion on the nematodes, then. Would you read it into the record?

[Translation]

**Mr. André Bellavance:** Yes. It reads as follows:

That the committee invite the Canadian Food Inspection Agency to appear with regard to the appearance of the golden nematode in the Saint-Amable region, and that it also invite affected farmers or their representatives in order to develop solutions to compensate them and rehabilitate the infested farm lands.

Mr. Chairman, this was a problem and the producers are still raising their claims. The issue has not been dealt with and we would like the agency to come and tell us what the situation is.

[English]

**The Chair:** Is there any debate on the motion?

I'll call the question.

(Motion agreed to)

**The Chair:** Mr. Bellavance, again your motion is next.

[Translation]

**Mr. André Bellavance:** Yes. It reads as follows:

That the committee study the repercussions of the government's decision to set the standard for using the "Produce of Canada" claim at 98%.

I know that the committee undertook a very interesting study on this. As I was saying the other day, I do not want to start the discussion all over again and redo the whole study. However, it would be useful to hear the witnesses on the consequences of the government's decision to set the standard at 98%, when the committee had suggested an 85% standard for Canadian products.

We do not need to spend five or six meetings on this but I think it would be important, given that the standard has just been set, to ask processors, producers and the industry what the decision's effect is.

[English]

**The Chair:** Is there any discussion on the motion?

Mr. Atamanenko.

**Mr. Alex Atamanenko:** I think it's important. As an example, I just met with the president of the Canadian Vintners Association. According to him, the way it stands now, with 98%, it could be devastating to the reputation of our Canadian wine industry because of... I won't go into details, but some of you may have met with them because of the other processing.

I think we need to get some examples, have some people in to see whether we can change this a bit and modify it to conform more with what the committee did. I think it's a very important motion and something for us to do.

**The Chair:** Mr. Easter.

**Hon. Wayne Easter:** I would agree as well, Mr. Chair. I think we brought this up at a previous time. We talked with a number of processors who are trying to sell what is clearly a Canadian product, but because the Prime Minister went over and above what the committee recommended, it has cost what I think are consequences unintended even on the part of the Prime Minister.

I think we do have to look at it and take a serious look at rolling it back.

**The Chair:** Mr. Storseth.

**Mr. Brian Storseth:** Thank you very much, Mr. Chair.

Once again, we spent a great deal of time in the last Parliament looking at this issue. This is something everybody agreed on.

This is, once again, revisionist history by Mr. Easter, coming forward with this. I could table his press release of May 21, 2008. The headline is, "Conservatives Announce Made-by-Liberals Ag Product Policy". I mean, they're out there, busy trying to steal the credit for this stuff when we announce it, and then they come back six months or a year later and say they think it's gone too far.

The fact of the matter is that we need to let the changes that were just made continue to move forward. The agriculture committee put a very extensive report out on this already. I think what we need to do...

It's not that this isn't important. It's not that we shouldn't look at this in the future. It's just that right now we have had witnesses, all the way from the NFU to the Canadian Cattlemen's Association, come forward and tell us we need to look at the competitiveness of our red meat sector; we need to look at the issues of competition that have been brought forward; we need to look at regulatory issues. I think these are the things on which we need to be putting priority, moving forward and putting aside the political partisan games that Mr. Easter continues to bring up.

• (1300)

**The Chair:** I'm going to call the vote.

(Motion agreed to)

**The Chair:** The meeting is adjourned until—

**Hon. Wayne Easter:** Wait a minute, Mr. Chair. What about my motion that's on there?

**The Chair:** Well, we're at the end of the meeting time. We can deal with it at the start of the next meeting.

**Hon. Wayne Easter:** I thought you said we were going to 12:20.

[Translation]

**Mr. André Bellavance:** Point of order.

[English]

**The Chair:** But it's well past 12:20.

**Hon. Wayne Easter:** No, no, not 12:20; it was 1:10 that you'd said, Mr. Chair.

I don't have a problem, Mr. Chair, if you want to move it to the next meeting, but these questions need to be answered. This is a serious issue.

[Translation]

**M. André Bellavance:** Point of order just the same. Mr. Chairman, I am certain that you said the committee would sit until 1:10 p.m. because we started at 11:10 a.m. That is what I wanted to point out.

[English]

**The Chair:** I did say that, yes.

Mr. Easter said it was fine to bring it at the start of the next meeting, but—

**Hon. Wayne Easter:** I'm not going to be sticky on this, but you did say.... Do we have the room until 1:10?

**The Chair:** I don't see anybody else in here.

I did say that, you're right. But if it's your wish to go until 1:10, then so be it.

**Hon. Wayne Easter:** Okay, I shall move it, Mr. Chair, and I'll read it into the record and why. This comes about as a result of Mr. Hoback's original resolution, Mr. Chair.

The motion is that the Chair of the Standing Committee on Agriculture and Agri-Food contact the office of the Minister of Agriculture and Agri-Food, in writing, requesting answers to the following questions:

1. When did the Minister of Agriculture or his department receive the Canadian Wheat Board's financial statement which he tabled in the House on February 11, 2009? Were those financial statements reviewed by the Minister or officials of his department or any other department prior to their being tabled and was the Minister provided with a report?
2. When did the Minister first contact the CWB concerning the issue of the contingency fund issue which he expressed such concern about on February 11th?
3. Did the Minister call upon the Auditor General to examine the issue of the contingency fund issue, and if not, why not?
4. Is the Minister prepared to state in writing that he is questioning the audit of the CWB's Financial Statements he tabled in the House on February 11, 2009 given that he and members of the government have made public statements drawing that audit and its findings into question? If he has found no fault with the audit will he state that in writing?
5. The Minister stated that in the House on February 11, 2009 at p. 679 of *Hansard* referring to western Canadian farmers that "they asked me to point out these

flaws". When did these "farmers" contact the Minister, were they members of the CWB's Board of Directors? If not, did they have access to the CWB financial statements prior to the Minister tabling them in the House?

6. And that the Chair of the Committee request that the response to each of these questions from the office of the Minister be provided to the Clerk of the Committee no later than March 9, 2009.

I so move, Mr. Chair.

The only point I will make is that this is an extremely serious issue in that the minister has responsibility for the Canadian Wheat Board, and so does the parliamentary secretary. To table a report and basically attack the Canadian Wheat Board when it has had the best returns ever.... In fact, as many state, the board outperformed its international competitors—an outstanding performance that should be recognized even by the board's most strident critics.

The Canadian Wheat Board itself sent out a letter on March 3, or a press release, in which it says: "Unfortunately, certain individuals and groups have made selective use of figures in the CWB annual report to publicize misleading information about CWB financial performance for western Canadian producers", Mr. White said. "Many of these comments are untrue and damaging to the commercial reputation of this organization."

It is an issue, as I understand it, Mr. Chair, that is impacting our commercial reputation abroad. So for those reasons, I think we need some answers from the minister relative to the issues I've raised in the motion.

•(1305)

**The Chair:** Thank you.

Further debate, Mr. Tweed.

**Mr. Merv Tweed (Brandon—Souris, CPC):** Thank you, Mr. Chair. I have more of a question for clarification.

Is it the committee's responsibility or can it mandate the minister on a timeline of March 9? And if the answer is yes, why wouldn't you ask for it by the end of today? I don't believe you can. I don't believe the committee can mandate the minister to respond on a deadline. You can ask for it—

**The Chair:** Ask the question through me.

I'm not sure whether it was required from a legal standpoint. I guess you can ask anything, but whether it's realistic or binding, I'm not sure. I would think it's probably pretty hard to enforce a timeline, but again, it doesn't keep you from asking, I suppose.

**Hon. Wayne Easter:** For the people over there.

**The Chair:** Yes, Mr. Storseth.

**Mr. Brian Storseth:** Thank you very much, Mr. Chair.

Before the question of relevance to the motion even gets brought up, I would like to say, through you, that Mr. Easter did bring up the Wheat Board's competitiveness and the Wheat Board's past performance. I think while this whole discussion on the Wheat Board is a very important issue, it's important that both sides of the argument are read into the record, and I think it's also critically important that Mr. Easter recognize some of the very valuable, very in-depth research that has gone on in the last several years in regard to the Canadian Wheat Board.

I would like to read to the committee the executive summary of a report titled *An Open Market for CWB Grain: A study to determine the implications of an open marketplace in western Canadian wheat, durum and barley for farmers*, final report, June 2008, by the Informa Economics company.

Mr. Chair, this study says:

The following study has been conducted to address the need for up-to-date and objective analysis of the potential impact for farmers of an open market for wheat, durum and barley in western Canada. The approach utilized in this study refrains from—

**The Chair:** Point of order.

**Hon. Wayne Easter:** On a point of order—and no doubt Brian has the rule book there—all we're asking here from the committee are some questions. I don't think the point that Brian is making is relevant to the motion. All we're asking is for some straight answers from the Minister of Agriculture. That's simple. Nine hundred people—surely to God, over the weekend, they could get an answer.

**Mr. Brian Storseth:** Can I make a response, Mr. Chair?

Clearly, in Mr. Easter's rant on his motion, he clearly stated the performance of the Wheat Board as one of the key functions of why he's asking this. Therefore my response and my question here is relevant to his motion.

**The Chair:** Yes, I think it's fair.

**Mr. Brian Storseth:** Thank you very much, Mr. Chair, because I really don't believe that some of the members of the opposition have had the chance to read this very, very in-depth report that talks about

the sustainable harm the Canadian Wheat Board has done to western Canadian farmers.

**I will continue:** The approach utilized in this study refrains from a theoretical modeling approach in favour of direct evaluations of price performance and cost efficiencies by open market and single-desk selling systems. These comparative—

**The Chair:** Just for the interpreters, could you slow down?

**Mr. Brian Storseth:** Absolutely, Mr. Chair.

Well, I hope at the next committee meeting, Mr. Easter, you will bring your own copy of this and we can read along together. I can help you with that.

These comparative results are then applied to the Canadian marketplace to assess how farmers' revenues and costs would be affected.

One of the key claims made in support of a single-desk selling structure is based on the ability to exert market power within a given marketplace. Contrary to the claim that the CWB holds—

—CWB being the Canadian Wheat Board—

—more than 20 percent of the international market, the analysis shows actual market share of only 14.5 percent of all-wheat trade and 11.0 percent of the global barley trade. The CWB falls far short of the generally accepted 25% market share threshold needed to exert influence over global prices of wheat and barley.

• (1310)

**The Chair:** Mr. Storseth, have you got much longer to go, because—

**Mr. Brian Storseth:** I do, Mr. Chair. I can continue this in the next meeting, if you prefer.

**The Chair:** I would entertain a motion to adjourn and deal with this at the start of the next meeting.

Mr. Atamanenko, you're moving that motion?

**Hon. Wayne Easter:** We'll deal with this at the start of the next meeting?

**The Chair:** Yes. All in favour?

**Some hon. members:** Agreed.

**The Chair:** This meeting is adjourned. Thank you.







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